

COMMERCE

| Budget Summary | | | | | | | |
|----------------|------------------------------|---------------------|------------------------|------------------------|--------------------|---|---------|
| Fund | 2000-01 Base Year Doubled | 2001-03 Governor | 2001-03 Jt. Finance | 2001-03 Legislature | 2001-03 Act 16 | Act 16 Change Over Base Year Doubled | |
| | | | | | | Amount | Percent |
| GPR | \$43,772,800 | \$42,807,100 | \$38,887,800 | \$39,691,600 | \$39,691,600 | - \$4,081,200 | - 9.3% |
| FED | 73,066,000 | 73,359,200 | 73,592,200 | 73,592,200 | 73,592,200 | 526,200 | 0.7 |
| PR | 82,197,200 | 83,439,900 | 82,988,500 | 86,291,900 | 86,291,900 | 4,094,700 | 5.0 |
| SEG | <u>221,888,600</u> | <u>225,472,400</u> | <u>178,205,900</u> | <u>178,205,900</u> | <u>178,205,900</u> | <u>- 43,682,700</u> | - 19.7 |
| TOTAL | \$420,924,600 | \$425,078,600 | \$373,674,400 | \$377,781,600 | \$377,781,600 | - \$43,143,000 | - 10.2% |
| BR | | \$100,000,000 | \$72,000,000 | \$72,000,000 | \$72,000,000 | | |

| FTE Position Summary | | | | | | |
|----------------------|--------------|---------------------|------------------------|------------------------|-------------------|------------------------------------|
| Fund | 2000-01 Base | 2002-03 Governor | 2002-03 Jt. Finance | 2002-03 Legislature | 2002-03 Act 16 | Act 16 Change Over 2000-01 Base |
| GPR | 80.40 | 79.40 | 70.40 | 80.40 | 80.40 | 0.00 |
| FED | 29.60 | 30.80 | 34.00 | 34.00 | 34.00 | 4.40 |
| PR | 276.25 | 277.55 | 259.55 | 260.55 | 260.55 | - 15.70 |
| SEG | <u>98.30</u> | <u>101.30</u> | <u>98.80</u> | <u>98.80</u> | <u>98.80</u> | <u>0.50</u> |
| TOTAL | 484.55 | 489.05 | 462.75 | 473.75 | 473.75 | - 10.80 |

Budget Change Items

Departmentwide and Economic Development

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide adjustments of -\$1,700 GPR, \$88,500 FED, -\$91,000 PR, -\$3,600 SEG, 1.5 PR positions and -1.0 SEG position in 2001-02 and \$1,400 GPR, \$90,300 FED,

| Funding Positions | | |
|-------------------|-----------------|---------------|
| GPR | - \$300 | 0.00 |
| FED | 178,800 | 0.00 |
| PR | - 269,700 | - 1.50 |
| SEG | <u>- 82,600</u> | <u>- 2.00</u> |
| Total | - \$173,800 | - 3.50 |

-\$178,700 PR, -\$79,000 SEG, -1.5 PR positions and -2.0 SEG positions in 2002-03 as standard budget adjustments. Adjustments are for: (a) turnover reduction (-\$81,700 GPR, -\$324,800 PR and -\$62,100 SEG annually); (b) removal of noncontinuing funding and positions (-\$29,800 SEG and -1.0 SEG position in 2001-02 and -\$129,900 PR, -\$105,800 SEG, -3.0 PR positions and -2.0 SEG positions in 2002-03); (c) full funding of continuing salaries and fringe benefits (\$57,500 GPR, \$80,000 FED, \$7,000 PR and \$66,500 SEG annually); (d) continued funding of a s. 16.515 approval for implementation of the uniform dwelling code in small municipalities (\$96,500 PR and 1.5 PR positions annually); (e) reclassifications and pay progressions (\$8,000 GPR, \$4,800 FED, \$1,100 PR and \$13,700 SEG in 2001-02 and \$11,100 GPR, \$6,600 FED, \$43,300 PR and \$14,300 SEG in 2002-03); (f) BadgerNet increases (\$1,400 GPR, \$500 FED, \$4,500 PR and \$2,100 SEG annually); (g) overtime (\$99,900 PR annually); (h) fifth week vacation as cash (\$13,100 GPR, \$3,200 FED, \$24,500 PR and \$5,300 SEG annually); (i) full funding of lease costs and directed moves (\$300 PR and \$700 SEG annually); and (j) minor transfers within the same alpha appropriation. In total, changes due to standard budget adjustments would decrease funding by \$7,800 in 2001-02 and \$166,000 in 2002-03. Total position authority would be increased by 0.5 position in 2001-02 and decreased by 3.5 positions in 2002-03.

2. BASE BUDGET REDUCTION [LFB Paper 245]

| | |
|-----|-------------|
| GPR | - \$823,400 |
|-----|-------------|

Governor: Reduce the agency's largest GPR state operations appropriation (economic and community development general operations) by \$411,700 each year. The total reduction was derived by making a reduction based on 5% of all of the Department's GPR state operations appropriations. Include session law language permitting the agency to submit an alternative plan to the Secretary of Administration for allocating the required reduction among its sum certain GPR appropriations for state operations purposes. Provide that if the DOA Secretary approves the alternative reduction plan, the plan must be submitted to the Joint Committee on Finance for its approval under a 14-day passive review procedure. Specify that if the Secretary of Administration does not approve the agency's alternative reduction plan, the agency must make the reduction to the appropriation as originally indicated.

Joint Finance/Legislature: Modify the Governor's recommendation to provide that the agency may submit a request to the Joint Committee on Finance under s. 13.10 to reallocate any of the reductions to other sum certain GPR appropriations for state operations made to the agency.

[Act 16 Section: 9159(1)]

3. BROWNFIELDS GRANT PROGRAM [LFB Paper 693]

| | Governor (Chg. to Base) | | Jt. Finance/Leg. (Chg. to Gov) | | Net Change | |
|-----|----------------------------|-----------|-----------------------------------|-----------|-------------|-----------|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| SEG | \$2,309,100 | 1.00 | -\$1,109,100 | - 1.00 | \$1,200,000 | 0.00 |

Governor: Modify the brownfields grant program as follows:

a. *Funding Level.* Increase funding by \$100,000 SEG in 2001-02 and \$2,100,000 SEG in 2002-03. The source of the SEG funding would be the environmental fund. Base level funding for the brownfields grant program is \$6,400,000 SEG from the environmental fund. It should be noted that the bill would transfer \$500,000 in tribal gaming program revenues to the environmental fund in 2001-02 and \$2,500,000 in 2002-03.

b. *Administrative Position.* Funding of \$50,600 SEG in 2001-02 and \$58,500 SEG in 2002-03 and 1.0 grants specialist position beginning in 2001-02 would be provided to meet additional workload related to the Department's brownfields activities. The position would be involved in: (1) underwriting brownfields grants; (2) administering the site assessment program that would be transferred from DNR under the bill; (3) participating in the brownfields study group; (4) interagency cooperative activities with DNR related to joint publications, joint public outreach and fulfillment of MOU requirements; (5) addressing the concerns of grant recipients; (6) application review and follow-up; and (7) public outreach. The source of SEG funding would be the petroleum inspection fund. Commerce has base level funding of \$274,200 SEG from the petroleum inspection fund and 2.0 SEG positions for administration of brownfields redevelopment activities. One position serves as a brownfields ombudsman.

c. *Site Assessment Program.* Responsibility for administering the brownfields site assessment program would be transferred from DNR to Commerce. Site assessment grants would be funded from the brownfields grants appropriation and Commerce would be required to allocate \$1,000,000 for site assessment grants in 2001-02. The Business Development Assistance Center in Commerce would be responsible for administering the site assessment program.

The brownfields site assessment grant program was created by 1999 Wisconsin Act 9 to provide local governments with grants to perform the initial investigation of contaminated properties and certain other eligible activities. DNR administers the program with \$1,450,000 SEG in 1999-01 in a biennial appropriation from the environmental management account of the environmental fund. There is no base funding for the program.

Under the program, local governments can currently apply to DNR for a site assessment grant for eligible sites or facilities. Local governments are defined as cities, villages, towns, counties, tribes, redevelopment authorities, and housing authorities. A site or facility is eligible for a grant if it is an abandoned, idle or underused industrial or commercial facility or site, the expansion or redevelopment of which is adversely affected by actual or perceived

environmental contamination. A local government does not have to own the site but must have access to it to complete the grant activities.

A local government is not eligible for a grant if it caused the environmental contamination that is the basis of the request. An award can only be awarded if the person that caused the environmental contamination that is the basis for the grant request is unknown, cannot be located or is financially unable to pay the cost of eligible activities.

The following activities are eligible for a site assessment grant at an eligible site or facility: (1) phase I and phase II environmental assessments; (2) site investigation of environmental contamination; (3) demolition of structures, buildings or other improvements; (4) asbestos abatement, if it is a necessary part of the demolition activity; and (5) removal and proper disposal of abandoned containers, underground petroleum product storage tank systems or underground hazardous substance storage tank systems.

The local government is required to contribute matching funds equal to 20% of the grant amount, which may be in the form of cash or an in-kind contribution or both. Grants to a local government may not exceed 15% of the total amount appropriated for the program in the fiscal year. Before awarding a grant consideration must be given to the local government's commitment to completing the remediation activities on the eligible site, the degree to which the project will have a positive impact on public health and the environment and other criteria.

d. *Grant to Milwaukee Economic Development Corporation.* The Department would be required to make grants to the Milwaukee Economic Development Corporation (MEDC) to fund a program for grants to persons for remediation and economic development programs in the Menomonee Valley. MEDC would be required to make grants to the Menomonee Valley Partners, Inc. through its brownfields grant program. Grant proceeds would have to be used to support the creation of jobs and private sector implementation of the Menomonee Valley land use plan. In order to receive a grant from MEDC or the Menomonee Valley Partners, Inc. the grant recipient would be required to provide matching funds that were at least equal to the grant amount. Commerce could not make grants to MEDC after June 30, 2003. The bill does not specify the amount of grants that would be made to MEDC; however, the administration indicates that a total of \$2,000,000 in grants would be made to MEDC in 2002-03 under this provision.

Under the provisions of 1999 Wisconsin Act 9, Commerce was required to make grants from the Indian gaming economic development or economic diversification grant and loan programs of up to \$900,000 to MEDC for a grant program for remediation and economic development projects in the Menominee Valley.

e. *Grant Amount Requirements.* The requirement that the Department must allocate a specified amount of total brownfields grant monies for grants of certain amounts during the 1999-2001 biennium would be eliminated.

For fiscal year 2000-01, statutory provisions require Commerce to award a total of \$960,000 in grants that do not exceed \$300,000, a total of \$2,240,000 in grants that are greater than \$300,000 but do not exceed \$700,000, and a total of \$3,200,000 in grants that are greater than \$700,000 but do not exceed \$1,250,000.

f. *Eligible Grant Recipients.* The definition of entities that would be eligible to receive brownfields grants would be expanded to include limited liability companies, nonprofit organizations, cities, towns, villages, counties, or trustees, including trustees in bankruptcy. Specific definitions of municipality and local development corporation would be eliminated. Currently, individuals, partnerships, corporations, municipalities and local development corporations are eligible for brownfields grants.

g. *Treatment of Liens and Delinquent Taxes.* Brownfields grant proceeds could not be used to pay DNR or federal EPA liens based on investigation or remediation activities or to pay delinquent property taxes or interest or penalties related to those taxes.

The brownfields grant program was created in the 1997-99 biennial budget to provide financial assistance to businesses and governmental entities to conduct brownfields redevelopment and related environmental remediation projects. Brownfields redevelopment includes any work or undertaking to: (1) acquire a brownfields facility or site; and (2) to raze, demolish, remove, reconstruct, renovate or rehabilitate the facility or existing buildings, structures or other improvements at the site. The redevelopment project must be for promoting the facility or site for commercial, industrial or similar economic development purposes. Grants cannot be used to fund construction of new facilities on the site for any purpose other than environmental remediation. Base level funding of \$6,400,000 SEG from the environmental fund is provided for grants.

Joint Finance: Include provisions with the following modifications:

a. Increase funding for the brownfields grant program by \$500,000 in 2001-02 and decrease funding by \$1,500,000 in 2002-03. As a result, total funding of \$7,000,000 would be provided annually for the brownfields grant program.

b. Maintain the current law site assessment grant program within DNR and delete 1.0 grants specialist position and funding of \$50,000 SEG in 2001-02 and \$58,500 SEG in 2002-03 for the Department of Commerce. [See DNR for the bill's provisions related to the site assessment grant program.]

c. Require Commerce to adopt a semi-annual brownfields grant applications cycle.

d. Require the Department of Commerce to make brownfields grants of \$375,000 each to the Milwaukee Economic Development Corporation (MEDC) and Menomonee Valley Partners, Inc. in each year of the 2001-03 biennium. These grants would be required to be used to fund projects that would receive the funding based on: (1) the degree of blight and underutilization in the area; (2) the potential for redevelopment; and (3) the project's

compatibility with the Menomonee Valley Land Use Plan. The grants could be used to fund the cost of acquisitions, demolition, Phase I and II environmental assessments, removal of underground storage tanks and abandoned containers, site investigations, remediation, monitoring and environmental costs associated with conducting such activities. The Department of Commerce would make the grants no later than 120 days after the effective date of the bill in 2001-02 and by October 1, 2002, in fiscal year 2002-03.

Senate: Require the Department of Commerce to make brownfields grants to the cities of Kenosha and Beloit. Specifically, Commerce would be required, notwithstanding current law provisions, to make a grant of \$1,000,000 under the Brownfields Grant Program to a person for demolition and rehabilitation of the former American Brass factory in the City of Kenosha. In addition, Commerce would be required to make a brownfields grant of \$100,000 to the City of Beloit for acquisition and cleanup in the fourth and fifth street rail corridor and adjacent industrial property.

For both grants, all of the following would apply: (1) the person submits a plan to Commerce detailing the proposed use of the grant and the Secretary of Commerce approves the plan; (2) the person enters into a written agreement with Commerce that specifies the conditions for use of the grant proceeds, including reporting and auditing requirements; and (3) the person agrees in writing to submit to Commerce, within six weeks after spending the entire amount of the grant, a report detailing how the grant proceeds were used. Commerce could not make a grant under these provisions after June 30, 2003.

Assembly: Require the Department of Commerce to make a brownfields grant of \$386,600 to the City of Amery for purchase of existing land and structures, demolition and environmental cleanup related to the Apple River project. Commerce would be required to enter into an agreement with the City of Amery that specified the uses for the grant proceeds and reporting and auditing requirements.

Legislature: Include all provisions.

Veto by Governor [B-15]: Delete the provision that would have required Commerce to adopt a semi-annual brownfields grant applications cycle.

[Act 16 Sections: 458, 3625 thru 3634, 3643 thru 3646 and 9110(9c),(9d)&(9e)]

[Act 16 Vetoed Section: 3631m]

4. FOREST PRODUCT MARKETING [LFB Paper 280]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov) | Net Change |
|-----|----------------------------|-----------------------------------|------------|
| SEG | \$500,000 | - \$500,000 | \$0 |

Governor: Provide \$250,000 annually from the forestry account of the conservation fund to promote, advertise, publicize and otherwise market products that are made in Wisconsin from timber that is produced in Wisconsin. A separate SEG appropriation would be created to fund the program.

Joint Finance/Legislature: Delete provision.

5. GAMING ECONOMIC DEVELOPMENT AND DIVERSIFICATION GRANT AND LOAN PROGRAMS [LFB Paper 174]

| | | Governor (Chg. to Base) | | Jt. Finance (Chg. to Gov) | | Legislature (Chg. to JFC) | | Net Change | |
|----|--|------------------------------------|------------------|--------------------------------------|------------------|--------------------------------------|------------------|-------------------|------------------|
| | | Funding | Positions | Funding | Positions | Funding | Positions | Funding | Positions |
| PR | | -\$4,241,400 | - 1.00 | -\$600,000 | 0.00 | \$300,000 | 0.00 | -\$4,541,400 | - 1.00 |

Governor: Modify the gaming economic development and diversification grant and loan programs as follows:

a. *Consolidated Appropriations.* Consolidate, into one biennial program revenue appropriation, both the gaming economic development and economic diversification grant and loan programs. Similarly, a consolidated program revenue biennial repayments appropriation would be created for both programs. Repayments of loans made under the economic development and diversification programs would be placed in this appropriation. Currently, both the gaming economic development and the gaming economic diversification grant and loan programs each has separate annual awards and repayments appropriations.

b. *Funding Reduction.* Funding for the combined economic development and diversification appropriation would be reduced by \$2,500,000 PR in 2001-02 and \$1,500,000 in 2002-03. The source of program revenue for gaming economic development and diversification grant and loan programs is tribal gaming revenue provided to the state under state-tribal gaming compact amendments. The funding that would be deleted would be available for other uses.

c. *Administrative Position Transfer.* Beginning in 2001-02, annual funding of \$120,700 and 1.0 gaming grants specialist position would be transferred from the gaming economic development grants and loans appropriation to the Department's Native American Liaison appropriation.

d. *Economic Diversification Project Expansion.* Economic diversification grants and loans could be used for brownfields remediation projects. "Remediating brownfields" would be defined as abating, removing or containing environmental pollution at a brownfields facility or site, or restoring soil or groundwater at a brownfields facility or site. In addition, in determining whether to make an economic diversification award Commerce would be required to consider whether a project would take place in a rural community, as determined by the Department.

Currently, gaming economic diversification grants and loans must be made for projects that diversify the economy. In making awards, the Department must consider: the project's potential to retain or increase the number of jobs; the project's potential to provide for significant capital investment; and a project's contribution to the economy of the community.

e. *Qualified Business.* The definition of a business that would be qualified to receive gaming economic development and diversification grants and loans would be expanded to specifically include start-up businesses. Under current law, qualified business is defined as an existing business, including a Native American business.

f. *Grant for Lincoln Park Center.* Commerce would be authorized to make a gaming economic development grant of up to \$1,000,000 to the M7 Development Corporation for constructing a multipurpose center at Lincoln Park in the city of Milwaukee. M7 Development Corporation would be required to provide matching funds at least equal to the amount of the grant. In order to make a grant, Commerce would be required to enter into an agreement with the M7 Development Corporation that provided for reporting and auditing requirements, among other things.

g. *Grants to Chippewa Valley Technical College.* Commerce would be authorized to make gaming economic development grants of up to \$250,000 in 2001-02 and 2002-03 to the Chippewa Valley Technical College for a health education center. In order to make a grant, the Department would be required to enter into an agreement with the Chippewa Valley Technical College that specified the uses for the grant proceeds and reporting and auditing requirements.

The gaming economic development and diversification grant and loan programs were created by 1999 Wisconsin Act 9 (the 1999-01 biennial budget) to provide financial assistance to businesses that are located in areas affected by Native American gaming operations. Funding for the programs is provided from tribal gaming revenue provided to the state under state-tribal gaming compact amendments. Commerce may not make an award to a business that is tourism-related unless the Department of Tourism concurs in the award. To be eligible for financial assistance under the programs, the claimant must be an existing business, including a Native American business, that is located or expanding in Wisconsin.

The types of financial assistance provided through the gaming economic development and diversification grant and loan programs include:

a. *Economic Impact Early Planning Grants.* Grants to provide funding for professional services necessary to evaluate the feasibility of a proposed project for starting, expanding, modernizing or improving a business. Awards can be made as business planning grants and special opportunity grants. Business planning grants are limited to funding the costs of obtaining comprehensive business plans from qualified independent third parties. Special opportunity grants are used for unique projects that have a statewide impact.

b. *Economic Impact Loans.* Loans to provide financial assistance to businesses that have been negatively impacted by gaming. Awards can be used to provide funding for fixed asset

financing related to modernizing and improving business operations. Eligible project costs include costs associated with land, new construction, remodeling, furniture and fixtures and equipment.

c. *Economic Diversification Loans.* Loans to provide financial assistance to businesses that are starting up or expanding to help diversify a community's economy so that it is less dependent upon revenue derived from gaming. Awards can be used to provide fixed asset financing for businesses to establish and expand operations. Awards can also finance the cost of, land, new construction, remodeling, furniture and fixtures, and, equipment.

Base level funding is \$2,517,400 PR for gaming economic development grant and loans and \$2,500,000 PR for gaming economic diversification grants and loans. The funding for economic development grants and loans includes \$128,700 PR for salary and fringe benefits for 1.0 administrative position and related supplies and services. Under the bill, \$2,388,700 in 2001-02 and \$3,388,700 in 2002-03 would be available in the combined grants and loan appropriation.

Joint Finance: Include provisions with the following modifications:

a. Delete \$250,000 PR annually from the gaming economic development and diversification program and the requirement that grants of those amounts be made to Chippewa Valley Technical College in each year of the biennium.

b. Transfer \$50,000 PR annually in supplies and services funding from the gaming economic development and diversification program to the Native American economic development liaison appropriation to fund marketing activities.

c. Require Commerce to make grants of \$500,000 PR annually from the gaming economic development and diversification grant and loan program to Oneida Small Business, Inc., and Project 2000 to be used to provide grants and loans to small businesses. To be eligible for a grant and loan from the grant proceeds, a business would have to be located in a Wisconsin county that contained or was adjacent to any portion of an Oneida reservation. In addition, the business would be required to meet any of the following criteria: (1) the business is a start-up business; (b) the business together with any affiliate, subsidiary or parent entity has fewer than 50 employees; and (3) the business is at least 51% owned, controlled, and actively managed by a member or members of the Oneida tribe.

d. Eliminate the requirement that M7 Development Corporation must provide matching funds in order to receive a gaming economic development grant for constructing the Lincoln Park Center.

Senate: Require the Department of Commerce to make the following awards from the gaming economic development and diversification grant program:

a. Provide a grant of \$500,000 in 2001-02 for an economic development project for the Menominee Tribe. Further, \$500,000 PR would be transferred to the Wisconsin Development

Fund (WDF) in 2002-03 to repay the fund for the grant that would be made to the tribe in 2001-02.

b. Make gaming economic development grants of up to \$250,000 in 2001-02 and 2002-03 to the Chippewa Valley Technical College for a health education center. In order to make a grant, the Department would be required to enter into an agreement with the Chippewa Valley Technical College that specified the uses for the grant proceeds and reporting and auditing requirements.

c. Provide a grant of \$450,000 in the 2001-03 biennium to the Great Lakes Forestry Museum in Rice Lake to develop a facility for educating the public about the history of forestry and logging in Wisconsin. Commerce would be required to enter into an agreement with the museum that specified the uses for the grant proceeds and reporting and auditing requirements.

Assembly: Require the Department of Commerce to make a grant of \$250,000 PR each year of the 2001-03 biennium from the gaming economic development and diversification grant program to the City of Green Bay for the Port Plaza renovation project. The Department of Commerce would be required to enter into an agreement with the Port Plaza Renovation project that specified the uses of the grant proceeds and reporting and auditing requirements.

In addition, \$150,000 in annual funding that was provided for the business employees' skills training (BEST) program would be transferred to the gaming economic development and diversification grant program. Allocate the additional funding as follows:

a. Provide a grant of \$30,000 PR and \$120,000 PR during the 2001-03 biennium to the Potosi Brewery Foundation, Inc. The \$30,000 grant would be used for development of a historic report and the grant of \$120,000 would be used for development of a marketing plan, restoration and salvage of the brewery structure, and restoration project fund raising. The Potosi Brewery Foundation would receive the grant if all of the following applied: (1) Potosi Brewery Foundation submits a plan to the Department of Commerce detailing the proposed use of the grant, the plan is in compliance with the required uses of the grant funds, and the Secretary of Commerce approves the plan; (2) Potosi Brewery Foundation provides matching funds of \$120,000 for the project; (3) Potosi Brewery Foundation enters into a written agreement with Commerce that specifies the conditions for use of the grant proceeds, including reporting and auditing requirements; and (4) Potosi Brewery Foundation agrees in writing to submit to Commerce, within six months of spending the full amount of the grant, a report detailing how the grant proceeds were used.

b. Provide a grant of \$100,000 PR in 2002-03 to Forward Wisconsin, Inc., for marketing activities. Forward Wisconsin, Inc., would be required to expend the grant proceeds in conformity with uniform travel schedule amounts approved under the statutes and could not expend the grant proceeds on entertainment, on foreign travel, or on payments to persons not providing goods and services to Forward Wisconsin, Inc., or for other purposes prohibited by the contract between Forward Wisconsin, Inc., and Commerce. Commerce would be required to

enter into an agreement with Forward Wisconsin, Inc., that specifies the uses for grant proceeds and reporting and auditing requirements.

c. Provide a grant of \$50,000 PR in the 2001-03 biennium to the Florence County Keyes Peak Recreation Center for a construction project. Commerce would be required to enter into an agreement with the grant recipient that specified the uses for the grant proceeds and reporting and auditing requirements.

Conference Committee/Legislature: Include Joint Finance provisions. Further, require the Department of Commerce to make the following awards from the gaming economic development grant and loan programs: (a) grants of up to \$250,000 in 2001-02 and 2002-03 to the Chippewa Valley Technical College for a health education center; (b) a grant of \$450,000 in the 2001-03 biennium to the Great Lakes Forestry Museum in Rice Lake; and (c) a grant of \$250,000 each year of the 2001-03 biennium to the City of Green Bay for the Port Plaza renovation project.

In addition, adopt Assembly provisions to transfer \$150,000 PR annually from the BEST program to the gaming economic development and diversification grant program and provide: (a) grants of \$30,000 and \$120,000 during the 2001-03 biennium to the Potosi Brewery Foundation, Inc.; and (b) a grant of \$50,000 in the 2001-03 biennium to the Florence County Keyes Peak Recreation Center. The earmark of a grant of \$100,000 to Forward Wisconsin, Inc., would be eliminated.

Veto by Governor [B-16]: Delete the following required awards: (a) a grant of \$1,000,000 to the M7 Development Corporation for constructing a multipurpose center at Lincoln Park in the City of Milwaukee; (b) a grant of \$450,000 to the Great Lakes Forestry Museum in Rice Lake to develop a facility for educating the public about the history of forestry and logging in Wisconsin; and (c) a grant of \$50,000 to the Florence County Keyes Peak Recreation Center for a construction project.

Under the act earmarks would remain for the following projects: (a) \$250,000 annually for Chippewa Valley Technical College; (b) \$500,000 annually for the Oneida Small Business Inc. and Project 2000; (c) \$250,000 annually for Green Bay's Port Plaza renovation project; and (d) \$150,000 for the Potosi Brewery Foundation, Inc.

[Act 16 Sections: 443, 445, 449, 451, 452, 882, 3632, 3634 thru 3646 and 9110(2k), (11pk)&(11zx)]

[Act 16 Vetoed Sections: 451 and 9110(1),(10fk)&(10p)]

6. WISCONSIN DEVELOPMENT FUND PROGRAM MODIFICATIONS [LFB Paper 175]

| | Governor (Chg. to Base) | Jt. Finance (Chg. to Gov) | Legislature (Chg. to JFC) | Net Change |
|-------|----------------------------|------------------------------|------------------------------|------------------|
| GPR | \$0 | \$0 | - \$3,100,000 | - \$3,100,000 |
| PR | <u>2,000,000</u> | <u>- 1,000,000</u> | <u>3,100,000</u> | <u>4,100,000</u> |
| Total | \$2,000,000 | - \$1,000,000 | \$0 | \$1,000,000 |

Governor: Make the following modifications to Wisconsin Development Fund Programs:

a. *Manufacturing Extension Grants.* A separate program revenue appropriation would be created and tribal gaming revenues of \$1,000,000 annually would be provided to fund the manufacturing extension grant program. The program would no longer be funded through WDF appropriations. In addition, the program's sunset date of June 30, 2001, would be repealed.

Manufacturing extension grants provide financial assistance to technology-based nonprofit organizations. A technology-based nonprofit organization is defined as a nonprofit corporation or organization under state or federal law that is exempt from the federal income tax and that has as a mission the transfer of technology to businesses in the state. In order to obtain a manufacturing extension center grant, the technology-based nonprofit organization is required to submit a plan to Commerce that details its proposed expenditures and performance measures related to the project and the Secretary of Commerce must approve the plan. The maximum amount of grants that can be awarded is \$1 million in a fiscal year. Currently, the grants must be made from the WDF program revenue repayments appropriation. Grants can be used to provide financial support to the programs and operation of technology-based nonprofit organizations. Manufacturing extension center grants cannot be made after June 30, 2001.

Grants under this provision will only be made to the Wisconsin Manufacturing Extension Partnership (WMEP). WMEP is operated by an organization that includes the Department of Commerce, University of Wisconsin System and Extension, Wisconsin Technical College System (WTCS), Marquette University, Milwaukee School of Engineering, labor and business. WMEP provides process improvement and technology transfer services to small and medium-sized manufacturers. WMEP personnel work directly with the manufacturers to address their needs in areas such as production techniques, technology applications, business practices and specialized training. Solutions are offered through a combination of direct assistance from staff and work with outside resources. WMEP is part of a nationwide system of manufacturing extension partnerships that receive federal funding from the National Institute of Standards and Technology (NIST).

b. *Wisconsin Trade Project Program.* The WDF trade project program would be expanded to allow eligible businesses to receive reimbursements for fees and costs related to participation in U.S. trade shows if the business seeking reimbursement has developed a high-technology product with worldwide application. A U.S. trade show would be defined as an

event held in the United States that brought prospective foreign buyers to a central location and that was certified or coordinated by either the U.S. or Wisconsin Departments of Commerce. Also, the definition of eligible business would be modified to exclude parent companies from the \$25,000,000 annual sales limit.

The Wisconsin Trade Project Program reimburses small- to medium-sized businesses for costs directly associated with attending international trade shows and U.S. Department of Commerce sanctioned "matchmaker" trade delegation events. Eligible applicants are businesses (including affiliates, subsidiaries and parent companies) with less than \$25,000,000 in gross annual sales that are operating in the state and manufacturing a product and/or performing a service with potential to be exported. Commerce approval of reimbursement is based on: (1) the extent to which the business' export development plan demonstrates the potential of the product or service to be exported in a particular foreign market; and (2) the extent to which the business' proposed reimbursable activities are related to the potential success of the product or service to be exported.

The maximum reimbursement amount is \$5,000 a year and not more than \$5,000 for participation in a single trade show or matchmaker trade delegation event. An eligible business that is approved for a reimbursement is required to provide the Department, within 90 days after the trade show or matchmaker trade delegation event, documentation of the costs for which reimbursement is sought. A business cannot be reimbursed more than once for the same trade show or matchmaker trade delegation that is held at different times or different locations. The maximum total reimbursement amount is \$15,000 over the life of the program. The maximum amount of WDF funds that can be used for trade project reimbursements is \$100,000 for a fiscal year.

The following costs are eligible for reimbursement: (1) fees for participation in a trade show or matchmaker trade delegation event; (2) costs associated with shipping displays, sample products, catalogs or advertising material to a trade show or matchmaker trade delegation event; (3) costs incurred at a trade show or matchmaker trade delegation event for utilities, booth construction or necessary modifications or repairs; and (4) costs associated with foreign language translation of brochures or product information or with the use of translation services at a trade show or matchmaker delegation event.

c. *Urban Early Planning Grants.* Authorize Commerce to contract directly with and pay grant proceeds directly to any person providing technical or management assistance to the grant recipient under the WDF urban early planning grant program.

The urban early planning grant program provides financial assistance to entrepreneurs and small businesses to fund professional services related to business start-ups or expansions. Eligible applicants include for-profit businesses and individuals or cooperatives that, combined with affiliates, subsidiaries or parent entities, have fewer than 50 employees. Grants can be made for up to 75% of eligible project costs up to \$15,000 to a single business. The program provides funding at two different levels: (1) grants of \$3,000 or less approved by Commerce; and (2) grants of up to \$15,000 approved by the Development Finance Board. Grant recipients

must provide at least 25% of the funding needed for the project. The total amount of urban early planning grants that can be awarded is \$250,000 in a biennium.

Grants must be used to fund early planning projects. An early planning project is the preliminary stages of considering and planning the expansion or start-up of a business that is or will be located in an urban area in the state. An urban area would be: (1) a city, village or town that is located in a county with a population density of at least 150 persons per square mile; or (2) a city, village or town with a population of more than 6,000.

The Wisconsin Development Fund (WDF) consists of nine programs: (1) technology development grants and loans; (2) customized labor training grants and loans; (3) major economic development grants and loans; (4) urban early planning grants; (5) Wisconsin trade project; (6) employee ownership assistance grants; (7) manufacturing extension center grants; (8) revolving loan fund capitalization grants; and (9) the rapid response fund. (The manufacturing extension center grant program is sunset on July 30, 2001.) The WDF is funded through both a general purpose revenue (GPR) and a program revenue (PR) appropriation. The GPR appropriation is the primary source of funding for the WDF. The program revenue repayments appropriation was established to operate similar to a revolving loan fund. Amounts received from WDF loan repayments are credited to the repayments appropriation and these monies can be used to fund WDF grants and loans. Base level funding is \$7,503,800 GPR and \$2,500,000 PR.

Joint Finance: Include provisions with the following modifications:

a. Delete \$500,000 PR in tribal gaming revenues annually from the manufacturing extension grant appropriation. As a result, annual funding of \$500,000 PR would be provided.

b. Require Commerce to make a grant of \$160,000 in 2001-02 from the Wisconsin Development Fund program revenue appropriation to the United Community Center in Milwaukee if all of the following apply: (1) the United Community Center submits a plan to the Department detailing the use of the grant and the Secretary of Commerce approves the plan; (2) the United Community Center enters into a written agreement with the Department that specifies the conditions for the use of the grant proceeds, including reporting and auditing requirements; and (3) the United Community Center agrees in writing to submit to the Department within six months after spending the full amount of the grant, a report detailing how the grant proceeds were used.

Senate: Make the following modifications to the Wisconsin Development Fund (WDF):

a. Delete \$6.0 million GPR annually from the Wisconsin Development Fund (WDF) and provide expenditure authority of \$3.0 million PR annually for the WDF program revenue repayments appropriation. As a result, total annual funding for the WDF would be \$1,503,800 GPR and \$5,500,000 PR. The additional program revenue funding in the 2001-03 biennium would be from the appropriation balance. Since the WDF repayments appropriation is a program revenue, continuing appropriation, expenditure authority represents the most reliable

estimates of the amounts that will be expended. However, expenditures made from such appropriations are generally only limited by the amount of revenues available in the appropriation.

b. Require the Department of Commerce to make a grant of \$100,000 annually from the Wisconsin Development Fund (WDF) to a nonprofit organization that provides assistance to organizations and individuals in urban areas. (The funding would be for Reggie White's Urban Hope Initiative that provides entrepreneurial opportunities for individuals in Wisconsin's central cities. State funding is matched by private funds.) The funds must be used in accordance with a memorandum of understanding (MOU) with the Department of Administration that specifies how the monies must be allocated for assistance. The MOU would be required to ensure that the nonprofit organization that received the grant provided assistance to organizations and individuals in an area that included the City of Beloit.

c. Require Commerce to make a grant of up to \$100,000 annually for the continued development of a manufacturing and advanced technology training center in Racine.

d. Require Commerce to make a grant of \$25,000 by June 30, 2003, to the Clearwater Lake Distilling Company, LLC, to fund business planning expenses related to a project that utilized potatoes and potato waste for vodka distillation. Commerce would be required to enter into an agreement specifying the uses for the grant proceeds and reporting and auditing requirements.

e. Require Commerce to make a grant of \$500,000 in 2001-02 to the Menominee Tribe for an economic development project. Tribal gaming revenue of \$500,000 PR would be transferred from the gaming economic development and diversification grant and loan program to the WDF in 2002-03 to repay the grant.

Assembly: Make the following modifications to the Wisconsin Development Fund (WDF):

a. Reduce GPR funding by \$4,200,000 in 2001-02 and by \$2,000,000 in 2002-03 and increase program revenue expenditure authority in the WDF repayments appropriation by \$4,200,000 in 2001-02 and \$1,000,000 in 2002-03. In addition, provide \$1,000,000 PR in tribal gaming revenue in a separate PR appropriation in 2002-03. Under these provisions the total amount of funding for the WDF would not change from Joint Finance levels, but the sources of funding would. Specifically, \$3,303,800 GPR and \$6,700,000 PR would be provided in 2001-02 and \$5,503,800 GPR and \$4,500,000 PR in base level funding would be provided in 2002-03 (\$3,500,000 from repayments and \$1,000,000 from tribal gaming revenues).

b. Require the Department of Commerce to make a grant of \$500,000 annually from the WDF program revenue repayments appropriation to a technology-based nonprofit organization to provide support for a manufacturing extension center if the following applied: (1) the technology-based nonprofit organization submitted to Commerce a plan detailing its proposed expenditures and performance measures related to the project; and (2) the Secretary

of Commerce approved the plan. No grants could be made under this provision after June 30, 2003.

Conference Committee: Include Joint Finance provisions with the following modifications:

a. Delete \$1,550,000 GPR annually from the WDF and provide expenditure authority of \$1,550,000 PR annually for the WDF repayments appropriation. As a result, total funding for the WDF would remain at \$10,003,800 annually (\$5,953,800 GPR and \$4,050,000 PR).

b. Require the Department of Commerce to make a grant of \$100,000 annually to a nonprofit organization that provides assistance to organizations and individuals in urban areas. (The funding would be for Reggie White's Urban Hope Initiative that provides entrepreneurial opportunities for individuals in Wisconsin's central cities. State funding is matched by private funds.) The funds must be used in accordance with a memorandum of understanding (MOU) with the Department of Administration that specifies how the monies must be allocated for assistance. The MOU would be required to ensure that the nonprofit organization that received the grant provided assistance to organizations and individuals in an area that included the City of Beloit.

c. Require Commerce to make a grant of up to \$100,000 annually for the continued development of a manufacturing and advanced technology training center in Racine.

d. Require Commerce to make a grant of \$25,000 by June 30, 2003, to the Clearwater Lake Distilling Company, LLC, to fund business planning expenses related to a project that utilized potatoes and potato waste for vodka distillation. Commerce would be required to enter into an agreement specifying the uses for the grant proceeds and reporting and auditing requirements.

e. Require Commerce to make a grant of \$500,000 in 2001-02 to the Menominee Tribe for an economic development project.

f. Require the Department of Commerce to make a grant of \$500,000 annually from the WDF program revenue repayments appropriation to a technology-based nonprofit organization to provide support for a manufacturing extension center if the following applied: (1) the technology-based nonprofit organization submitted to Commerce a plan detailing its proposed expenditures and performance measures related to the project; and (2) the Secretary of Commerce approved the plan. No grants could be made under this provision after June 30, 2003.

Veto by Governor [B-17]: Delete the following required awards: (a) a grant of \$500,000 in 2001-02 to the Menominee Tribe for an economic development project; and (b) a grant of \$25,000 by June 30, 2003, to the Clearwater Lake Distilling Company, LLC, to fund business planning expenses related to a project that utilized potatoes and potato waste for vodka distillation.

[Act 16 Sections: 438m, 444, 454, 884, 3619w, 3653 thru 3663, 3665, 3692, 3692c, 3693, 9110(7g)&(10eg) and 9410(2xyf)]

[Act 16 Vetoeed Sections: 438m and 9110(10eg)]

7. TECHNOLOGY RESEARCH GRANTS [LFB Paper 146]

| | |
|----|-------------|
| PR | \$1,500,000 |
|----|-------------|

Governor/Legislature: Provide \$1,500,000 in 2001-02 for technology research grants. The Department would be authorized use the funding to make grants to the University of Wisconsin-Milwaukee, the University of Wisconsin-Parkside, Marquette University, the Milwaukee School of Engineering, and the Medical College of Wisconsin for research related to emerging technologies that would promote industrial and economic development in southeastern Wisconsin. Before awarding a grant, the Department would be required to enter into an agreement with the applicant that specified reporting and auditing requirements for the grant. No grants could be made after June 30, 2003. A separate program revenue appropriation would be created for receipt of monies from other state agencies with funds transferred through DOA from the Advanced Telecommunications Foundation endowment fund.

[Act 16 Sections: 457 and 9101(10)(a)11]

8. BUSINESS EMPLOYEES' SKILLS TRAINING PROGRAM FUNDING [LFB Paper 175]

| | Governor (Chg. to Base) | Jt. Finance (Chg. to Gov) | Legislature (Chg. to JFC) | Net Change |
|----|----------------------------|------------------------------|------------------------------|------------|
| PR | \$600,000 | - \$300,000 | - \$300,000 | \$0 |

Governor: Provide \$300,000 PR annually to fund the Business Employees' Skills Training (BEST) grant program. A separate program revenue appropriation would be created from tribal gaming revenue provided to the state under state-tribal gaming compact amendments.

The Business Employees' Skills Training Grant Program (BEST) was created by 1999 Wisconsin Act 177 to provide grants to certain small businesses to assist employees or prospective employees in acquiring work skills sought by the businesses. For Commerce to award a grant the following must apply:

- a. The business must have paid state sales taxes for at least six months prior to applying for the grant.
- b. The business submits a plan to the Department detailing the proposed use of the grant, and the Secretary of Commerce approves the plan.
- c. The business enters into a written agreement with the Department that specifies the conditions for the use of the grant, including reporting and auditing requirements.

d. The business agrees in writing to submit a report to Commerce, six months after spending the full amount of the grant a report detailing how the grant proceeds were used.

Eligible applicants are businesses located in Wisconsin with: (1) no more than 25 full-time employees; and (2) no more than \$2.5 million in gross annual income in the prior year.

In awarding BEST grants, Commerce is required to give preference to the following:

- a. Businesses in industries with especially severe labor shortages.
- b. Businesses in industries that the Department determines are especially adversely affected by any federal requirements or policies.
- c. Businesses that conduct economic activity in areas designated as development or enterprise development zones.

A business cannot receive more than \$10,000 in BEST grants. The maximum total amount of grants that can be awarded is \$500,000 in fiscal year 2000-01. Grants cannot be used to pay more than 80% of the cost of any skills training or other education that is provided to the owner of the business, the owner's spouse or a child of the owner. Grants can be used to pay costs of providing skills training or other education for current or prospective employees that is related to the needs of the business. Grants may not be used to pay wages or compensate for lost revenue that is connected to providing the training or other education.

No single funding source is specified for BEST grants under current law. Commerce makes BEST grants from the Wisconsin Development Fund, Rural Economic Development program or Minority Business Finance programs depending on the type of applicant and project. Under the bill, BEST grants would be limited to the amounts appropriated in the PR appropriation.

Joint Finance: Delete \$150,000 PR annually. As a result, annual funding of \$150,000 PR in tribal gaming revenues would be provided.

Assembly/Legislature: Delete the separate appropriation and total funding of \$150,000 PR annually in tribal gaming revenue funds from the Business Employee Skills Training (BEST) program and increase funding for the tribal gaming economic development and diversification grant and loan program by \$150,000 PR annually.

9. NATIVE AMERICAN ECONOMIC DEVELOPMENT [LFB Paper 176]

| | Governor (Chg. to Base) | | Jt. Finance/Leg. (Chg. to Gov) | | Net Change | |
|----|----------------------------|-----------|-----------------------------------|-----------|------------|-----------|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| PR | \$396,800 | 1.00 | \$100,000 | 0.00 | \$496,800 | 1.00 |

Governor: Provide \$196,400 PR in 2001-02 and \$200,400 PR in 2002-03 for Native American economic development activities as follows:

a. *Native American Technical Assistance.* Increased funding of \$65,000 PR in 2001-02 and \$69,000 PR in 2002-03 would be provided for the Department's Native American technical assistance grant appropriation. The increased funding would be used for salary, fringe benefits and supplies. The Native American technical assistance program appropriation provides funding to the Great Lakes Inter-Tribal Council (GLITC) for a position that provides technical assistance for economic development to Native American businesses on or near Native American communities.

b. *Native American Liaison.* The bill would provide increased funding of \$10,700 PR annually for supplies and services related to the Department liaison's activities. In addition, annual funding of \$120,700 PR and 1.0 PR gaming grants specialist position would be transferred, beginning in 2001-02, from the Indian gaming economic development grants and loans appropriation to consolidate Native American economic development administrative staff. The Department would be authorized to spend up to \$100,000 from the liaison appropriation to market the Indian gaming economic development and diversification grant and loan programs. The Native American liaison appropriation funds the Department's economic liaison that is the main state government contact for Wisconsin's Native American tribes, tribal communities and entrepreneurs regarding business and economic development activities.

The source of increased PR funding would be tribal gaming revenue provided to the state under state-tribal gaming compact amendments.

The Department's Native American liaison position provides technical and economic development assistance to Native American entrepreneurs and tribal communities. Commerce also administers two grant programs that provide funds to GLITC--an economic development liaison grant and economic development technical assistance grant. The Commerce liaison position and the grant programs are funded through three separate PR appropriations. Base level funding is as follows: (1) Native American economic development; liaison--\$61,800 PR and 1.0 PR position; (2) Native American economic development; technical assistance--\$25,000 PR; (3) Native American economic development; liaison grants--\$25,000 PR. The source of PR funding for the appropriations is tribal gaming revenues.

The gaming economic development and diversification grant and loan programs provide financial assistance to businesses that are located in areas that are affected by Native American gaming operations. The gaming economic development grant program includes base level fund of \$128,700 PR for salary and fringe benefits for 1.0 PR administrative position and related supplies and services. The source of PR funding for the programs is tribal gaming revenue.

Joint Finance/Legislature: Include provisions and transfer \$50,000 PR annually in supplies and services funding from the gaming economic development and diversification grant and loan program to fund marketing expenses.

[Act 16 Section: 449]

10. FUNDING FOR FORWARD WISCONSIN [LFB Paper 177]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov) | Net Change |
|----|----------------------------|-----------------------------------|------------|
| PR | \$300,000 | - \$300,000 | \$0 |

Governor: Provide \$100,000 PR in 2001-02 and \$200,000 PR in 2002-03 to Forward Wisconsin to be used for activities to recruit out-of-state businesses to Wisconsin. A separate program revenue appropriation would be funded from tribal gaming revenue provided to the state under state-tribal gaming compact amendments.

Forward Wisconsin is a nonprofit organization created in 1984 to attract business to the state. Forward Wisconsin focuses on promotion and marketing in an effort to attract expanding and relocating businesses to the state. The organization also markets the state as a destination for job seekers and to attract former residents to help address labor shortages. Forward Wisconsin is provided base funding of \$500,000 GPR annually through Commerce. The Secretary of Commerce also serves on Forward Wisconsin's Board of Directors.

Joint Finance: Delete provision. Annual funding of \$500,000 GPR would continue to be provided.

Assembly: Provide a grant of \$100,000 PR in 2002-03 to Forward Wisconsin, Inc., for marketing activities from the tribal gaming economic development and diversification grant program. Forward Wisconsin, Inc., would be required to expend the grant proceeds in conformity with uniform travel schedule amounts approved under the statutes and could not expend the grant proceeds on entertainment, on foreign travel, or on payments to persons not providing goods and services to Forward Wisconsin, Inc., or for other purposes prohibited by the contract between Forward Wisconsin, Inc., and Commerce. Commerce would be required to enter into an agreement with Forward Wisconsin, Inc., that specifies the uses for grant proceeds and reporting and auditing requirements.

Conference Committee/Legislature: Delete Assembly provision.

11. DENTAL LOAN REIMBURSEMENT PROGRAM [LFB Paper 178]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov) | Net Change |
|----|----------------------------|-----------------------------------|------------|
| PR | \$120,000 | \$30,000 | \$150,000 |

Governor: Provide \$40,000 PR in 2001-02 and \$80,000 PR in 2002-03 to expand the current Physician Loan Assistance Program (PLAP) to include dentists. The source of program revenue funding would be tribal gaming revenue provided under the state- tribal gaming compact amendments.

Under the expanded program, Commerce would repay educational loans from public or private lending institutions for dentists that agreed to practice in a dental health shortage area. The dentist would be required to enter into an agreement with the Department to practice at least 32 clinic hours per week for three years in one or more dental health shortage areas in the state. The dentist would also have to agree to care for patients who were insured or for whom dental health benefits were payable under Medicare, medical assistance or any other governmental program. Dental health shortage area would be an area designated by the U.S. Department of Health and Human Services under federal law as having a shortage of dental professionals. A dentist who participated in a National Health Service Corps scholarship program or who failed to carry out his or her obligations under the program would not be eligible for the loan repayment program.

Through the expanded program, Commerce would repay, on behalf of the dentist, up to \$50,000 over a three-year period in educational loans obtained by the dentist from a public or private lending institution for education in an accredited school of dentistry or for postgraduate dental training. The loans would be repaid according to the following schedule: (a) 40% of the principal up to \$20,000 in the first year; (b) 40% of the principal up to \$20,000 in the second year; and 20% of the principal up to \$10,000 in the third year. A repayment agreement would not create a right of action against the state on the part of the dentist or lending institution for failure to make payments specified in the agreement.

Dentists would be also be able to participate in an expanded dental loan assistance program funded with federal and matching state monies if they were a U.S. citizen and did not have a lien against their property for a debt to the U.S. In addition, the dentist would have to meet the following requirements: (a) agree to practice at a public or private nonprofit entity in a dental health shortage area; (b) accept Medicare assignment as payment in full for services or articles provided; and (c) use a sliding fee scale or a comparable method of determining payment arrangements for patients who were not eligible for Medicare or medical assistance and who are unable to pay the customary fee for the dentist's services.

Commerce would be authorized to establish priorities among applicants using certain criteria when funding was insufficient to repay the loans of all applicants. The criteria would include: (a) the degree to which there was an extremely high need for dental care in the dental

health shortage area in which the dentist intended to practice; (b) the likelihood the dentist would remain in the area; (c) the per capita income in the dental health shortage area; (d) the financial and other support for dentist recruitment and retention from individuals, organizations or local governments in the dental health shortage area; and (e) the geographic distribution of dentists in the program and dental health shortage areas in which eligible applicants wish to practice. Commerce would be authorized, by rule, to establish penalties for dentists who breeched loan repayment agreements.

The Rural Health Development Council would be increased from 11 to 12 members to include a licensed dentist. The Council would be authorized to advise the Department on matters related to the dental loan assistance program.

Under the Commerce contract with the University of Wisconsin Office of Rural Health the Office would be required to: (a) advise the Department and Rural Health Development Council (Council) on the identification of dental health shortage areas with an extremely high need for dental care; (b) assist in publicizing the program to dentists and eligible communities; (c) assist dentists who are interested in applying to participate in the program; and (d) assist communities in obtaining dentists through the program.

Under current law, Commerce is responsible for administering the Physician Loan Assistance Program (PLAP) and the Health Care Provider Loan Assistance Program (HCPLAP). The programs provide loan repayments for physicians and certain health care professionals who practice in areas of the state that have a shortage of physicians or health care professionals. Under PLAP, Commerce may repay up to \$50,000 in educational loans for eligible physicians. HCPLAP authorizes the Department to repay up to \$25,000 in educational loans for eligible health care providers. The eleven-member Rural Health Development Council, which is attached to Commerce, advises the Department on matters related to PLAP, HCPLAP, and related rural health care issues. The Department is also required to contract with the University of Wisconsin Office of Rural Health for certain services. Annual state funding of \$388,700 PR in tribal gaming revenue is provided through a single appropriation. In addition, federal matching funding of \$150,000 for federal fiscal year 2000-01 was provided.

Joint Finance/Legislature: Include provisions and in addition, expand the Health Care Provider Loan Assistance Program to include dental hygienists and authorize Commerce to repay up to \$25,000 in educational loans over three years. Funding of \$10,000 in 2001-02 and \$20,000 in 2002-03 in tribal gaming revenue would be provided to fund loan repayments for dental hygienists. The Rural Health Development Council would be expanded to 13 members to include a licensed dental hygienist.

[Act 16 Sections: 171, 172, 446, 447, 456, 885c and 3667 thru 3691]

12. DIVISION OF INTERNATIONAL AND EXPORT SERVICES [LFB Paper 281]

| | Governor (Chg. to Base) | | Jt. Finance (Chg. to Gov) | | Legislature (Chg. to JFC) | | Net Change | |
|-------|----------------------------|-------------|------------------------------|---------------|------------------------------|-------------|----------------|---------------|
| | Funding | Positions | Funding | Positions | Funding | Positions | Funding | Positions |
| GPR | \$0 | 0.00 | -\$4,003,800 | - 10.00 | \$4,003,800 | 10.00 | \$0 | 0.00 |
| PR | <u>106,500</u> | <u>0.00</u> | <u>- 103,400</u> | <u>- 2.30</u> | <u>103,400</u> | <u>1.00</u> | <u>106,500</u> | <u>- 1.30</u> |
| Total | \$106,500 | 0.00 | -\$4,107,200 | - 12.30 | \$4,107,200 | 11.00 | \$106,500 | - 1.30 |

Governor: Provide \$49,200 PR in 2001-02 and \$57,300 PR in 2002-03 to fund an international liaison position in the Division of International and Export Services. The funding would be used for salaries, fringe benefits, and supplies and services. The funding would be used to fill a vacant position that would be converted to the international liaison. Commerce would be authorized to assess any state agency any amount that Commerce determined was required for the services of the international liaison. The Department could assess state agencies on a premium basis and pay all costs incurred on an actual basis. Assessments would be placed in the Department's economic and community development, sale of materials and services appropriation and used to provide funding for the liaison.

The Division of International and Export Services assists Wisconsin businesses in increasing their sales in the international marketplace. The Division contracts with individuals or agencies in foreign countries for assistance in the growth of Wisconsin exports and the promotion of Wisconsin as an investment location.

The Division has four international outreach consultants based in Waukesha, Oshkosh, Eau Claire, and Madison to assist firms that have been successful in the domestic market to expand their efforts into the international arena. Three additional staff people based in Madison, specialize in specific regions of the world and can assist exporters with questions about the business culture and market conditions of targeted countries. Staff will also arrange itineraries for visiting business delegations visiting Wisconsin.

The Division is authorized to charge fees for services that are provided. These are generally related to the recovery of costs associated with trade shows and trade missions. The fees collected are also used to fund a trade show specialist position. This person oversees recruitment and logistical services related to trade shows and missions.

Commerce's foreign trade offices and contracts provide in-country assistance to Wisconsin exporters. They supplement the international business counseling offered by Wisconsin-based staff, conduct market research and viability analyses, mail campaigns, conduct agent/distributor or client/end user searches, arrange appointments for visiting Wisconsin business people, conduct background and credit checks, and assist with trade shows and missions.

Joint Finance: Modify international liaison provisions to allow Commerce to charge on premium basis for costs incurred for international liaison services but require that an agency must request and agree to pay for the services before Commerce can charge the agency. A total

of 1.3 vacant PR positions would be deleted associated with the vocational rehabilitation economic development (VRED) program which expired in December, 2000. Finally, \$2,001,900 GPR and \$51,700 PR and 10.0 GPR and 1.0 PR positions annually would be deleted and the Division of International and Export Services and its functions would be eliminated from the Department of Commerce.

Assembly: Provide \$2,001,900 GPR, \$51,700 PR and 10.0 GPR and 1.0 PR positions to restore the Division of International and Export Services and its functions to the Department of Commerce.

Conference Committee/Legislature: Include Assembly provision to provide \$2,001,900 GPR, \$51,700 PR and 10.0 GPR and 1.0 PR positions to restore the Division of International and Export Services and its functions to the Department of Commerce. In addition, request the Joint Legislative Audit Committee to direct the Legislative Audit Bureau, to conduct both a performance and financial audit of the Division and submit a report by January 1, 2003, to the chief clerk of each house of the Legislature and the Governor.

Veto by Governor [B-21]: Delete provision that would request the Joint Legislative Audit Committee to direct the Legislative Audit Bureau to conduct an audit of the Division of International and Export Services.

[Act 16 Section: 3650 thru 3652 and 9110(9mq)]

[Act 16 Vetoed Section: 9132(5q)]

13. POSITION TRANSFER TO OFFICE OF THE GOVERNOR [LFB Paper 456]

| | Governor (Chg. to Base) | | Jt. Finance/Leg. (Chg. to Gov) | | Net Change | |
|-----|----------------------------|-----------|-----------------------------------|-----------|------------|-----------|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| GPR | -\$99,000 | - 1.00 | \$84,500 | 1.00 | -\$14,500 | 0.00 |

Governor: Delete \$49,500 GPR and 1.0 GPR position annually from the Department's economic development general program operations appropriation. The position would be primarily related to rural policy development as determined by the Secretary of Administration and the incumbent employee would be transferred to the Office of the Governor for rural policy development.

Joint Finance/Legislature: Delete transfer of the position to the Office of the Governor and delete \$6,000 in 2001-02 and \$8,500 in 2002-03 to fund the position at the same level as would have been the case in the Governor's office.

14. INFORMATION TECHNOLOGY CENTRAL SYSTEM COST REALLOCATION

| | |
|-------|------------|
| GPR | - \$43,000 |
| FED | 10,600 |
| PR | 80,200 |
| SEG | - 47,800 |
| Total | \$0 |

Governor/Legislature: Provide \$40,100 PR and \$5,300 Fed annually and reduce funding by \$21,500 GPR and \$23,900 SEG annually to reallocate information technology (IT) system costs among various appropriations. Currently, the annual funding for IT central systems is \$173,100 distributed among various appropriations. The funds are used to purchase routers, switches, servers, database software, printers and other IT items. This provision would reallocate funding among the Department's appropriations based on the distribution of full time positions in Commerce to more accurately reflect the distribution of IT system costs incurred.

15. ADMINISTRATIVE POSITION REALLOCATION [LFB Paper 282]

| | Governor (Chg. to Base) | | Jt. Finance/Leg. (Chg. to Gov) | | Net Change | |
|-------|----------------------------|-----------|-----------------------------------|-----------|------------|-----------|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| FED | \$103,800 | 1.20 | \$233,000 | 3.20 | \$336,800 | 4.40 |
| PR | - 103,800 | - 1.20 | - 233,000 | - 3.20 | - 336,800 | - 4.40 |
| Total | \$0 | 0.00 | \$0 | 0.00 | \$0 | 0.00 |

Governor: Provide \$51,900 FED and 1.20 FED positions annually and reduce funding by \$51,900 PR and delete 1.20 PR positions annually to reallocate administrative positions and related funding to match revenues from charges for services provided. The Division of Administrative Services (AS) is supported by a number of appropriations which are funded by charges made to the Department's programs for administrative services provided. This provision would shift \$116,500 PR and 3.20 PR from the AS program revenue administrative services appropriation to the program revenue sale of materials or services appropriation. In addition, \$51,900 and 1.20 positions would be reallocated from the AS administrative services appropriation to the FED indirect cost reimbursements appropriation. The reallocation would align administrative personnel and related expenditure authority with administrative fee revenues from programs receiving services from the personnel.

Joint Finance/Legislature: Modify the Governor's recommendation to delete annual expenditure authority of \$116,500 PR and 3.2 PR positions and instead provide annual expenditure authority of \$116,500 FED and 3.2 FED positions. The 3.2 positions and related expenditure authority provide administrative support to the Department's leaking underground storage tank (LUST) personnel and activities. At the time Commerce prepared its budget request, funding for LUST was received through the interagency agreement with DNR. As a result, the positions were aligned with the program revenue funding source for revenue received through the DNR agreement. However, the Federal Environmental Protection Agency (EPA) approved a separate LUST grant for Commerce, effective April, 2001. This modification would realign the 3.2 positions and annual expenditure authority of \$116,500 with the appropriate federal revenue funding source to reflect the LUST funding received from the direct contract with EPA.

16. ECONOMIC DEVELOPMENT ADMINISTRATION CONSOLIDATION [LFB Paper 283]

| | Governor (Chg. to Base) | | Jt. Finance/Leg. (Chg. to Gov) | | Veto (Chg. to Leg) | | Net Change | |
|---------|------------------------------------|------------------|---|------------------|-------------------------------|------------------|-------------------|------------------|
| | Funding | Positions | Funding | Positions | Funding | Positions | Funding | Positions |
| GPR-REV | \$0 | | \$95,500 | | -\$95,500 | | \$0 | |
| PR | \$0 | 0.00 | -\$101,700 | - 1.00 | \$0 | 0.00 | -\$101,700 | - 1.00 |

Governor: Transfer \$116,500 PR and 2.0 PR positions from the Wisconsin Development Fund (WDF) administration appropriation to the Department's economic development operations appropriation to consolidate administrative personnel and funding. In addition, the WDF administration appropriation would be deleted but loan origination fees and the unencumbered balance in the appropriation would be placed in the economic development operations appropriation. Similarly, the Certified Capital Companies (CAPCO) administration appropriation would be deleted but CAPCO administrative fees and the unencumbered balance in the appropriation would be placed in the economic development operations appropriation.

Under current law, Commerce is authorized to charge an origination fee of up to 2% on WDF major economic development and customized labor training grants and loans in excess of \$200,000. Fee collections are placed in a program revenue appropriation used to provide funding for administration of the WDF. Commerce also assesses registration and annual certification fees under the CAPCO program. Fee collections are placed in a separate program revenue appropriation for administration of the program.

Joint Finance/Legislature: Delete provisions. Instead, delete expenditure authority of \$51,400 PR in 2001-02 and \$50,300 PR in 2002-03 and 1.0 vacant PR position in the WDF administration appropriation. Further, delete authority for 2.0 PR positions in the CAPCO administration appropriation (these two positions are not included in the state's position accounting system due to a technical error). Also, the year-end balance in the CAPCO administration appropriation would be lapsed to the general fund as GPR-Earned. This would increase GPR-Earned by \$80,500 in 2001-02 and \$15,000 in 2002-03.

Veto by Governor [B-24]: Delete provision that would require the year-end balance in the CAPCO administration appropriation to be lapsed to the general fund. This would reduce GPR-Earned by \$80,500 in 2001-02 and \$15,000 in 2002-03.

[Act 16 Vetoes Section: 442g]

17. CONVERT COMMUNITY-BASED ECONOMIC DEVELOPMENT PROGRAM TO THE NEW ECONOMY FOR WISCONSIN PROGRAM [LFB Paper 284]

Governor: Eliminate the Community-Based Economic Development (CBED) program and replace it with the New Economy for Wisconsin (NEW) program that would provide grants to community-based business incubators and nonprofit organizations that promote entrepreneurship or provide services to high-tech businesses. The specific type of grants provided under NEW would be the following:

a. *Business Incubator Grants.* Grants of up to \$100,000 to a community-based business incubator that focused on providing services to high-technology businesses or promoting entrepreneurship. The business incubator would be required to meet at least two of the following criteria: (1) charging below market space rental rates; (2) providing shared services; (3) offering management and technical assistance; and (4) providing access to financial capital through a direct relationship with at least one financial institution.

b. *Nonprofit Organization Grants.* Grants of up to \$100,000 to nonprofit organizations that provided services to high-technology businesses, promoted entrepreneurship, or provided services or opportunities linking entrepreneurs with potential investors.

A community-based business incubator would be defined as a person who was involved in local economic development who operated a facility that was designed to encourage the growth of new businesses by providing office or laboratory space. A small business would be a business with fewer than 100 full-time employees.

Grant proceeds could only be used for projects that did any of the following:

- a. Assisted small businesses in adopting new technologies in their operations.
- b. Assisted technology-based small businesses in activities that furthered the transfer of technology.
- c. Assisted entrepreneurs in discovering business opportunities

In awarding grants Commerce would be required to consider:

- a. The quality of the applicant's proposal.
- b. The applicant's commitment to the project.
- c. The project's potential for economic growth.
- d. The past performance of the applicant and of any proposed partners.
- e. The qualifications of the individuals who would work on the project.
- f. The need for the project by the applicant's clients.

- g. The strength of the applicant's collaboration or partnership with other organizations.
- h. The project's use of available resources from Wisconsin educational institutions.
- i. The project's ability to produce sustainable and continuing benefits after it is completed.
- j. The economic distress of the area served by the project.
- k. The readiness of the applicant to implement the project.

Commerce would be required to develop an application that would be used for grants and to furnish the application upon request. The Department would also be required to enter into a written agreement with each grant recipient that required the recipient to submit a report, within six months after spending the full amount of the grant, detailing how the grant proceeds were used. The Department would promulgate administrative rules for administering the NEW grant program.

The CBED program currently provides the following types of financial assistance:

- a. Grants to community-based organizations to conduct local development projects (Community-based organizations are organizations involved in economic development that assist businesses likely to employ persons.)
- b. Grants to community-based organizations that use the funds to provide management services to small businesses planning a start-up or expansion project.
- c. Grants to political subdivisions to develop economic development or diversification plans.
- d. Grants to community-based organizations that use the grant monies to support business incubators or technology-based incubators.
- e. Grants to community-based organizations that join with political subdivisions to conduct regional economic development projects.
- f. Grants to private nonprofit organizations for entrepreneurship training for disadvantaged and at-risk children.
- g. Grants to community-based organizations or private nonprofit organizations to conduct venture capital development conferences.

Under the bill, base funding of \$762,100 GPR annually would be available for the NEW program and for grants of up to \$125,000 annually to the women's business initiative corporation.

Joint Finance: Delete provisions. Instead, Commerce would be required to make a CBED grant of \$25,000 to Gateway Technical College in 2001-02 for costs related to a consortium for a manufacturing training center if all of the following apply: (1) the consortium and manufacturing training center is located in the Racine-Kenosha area; (2) Gateway Technical College submits a plan to the Department detailing the proposed use of the grant and the Secretary approves the plan; (3) Gateway Technical College enters into a written agreement with the Department that specifies the conditions for use of the grant proceeds, including reporting and auditing requirements; and (4) Gateway Technical College agrees in writing to submit to the Department, within six months after spending the full amount of the grant, a report detailing how the grant proceeds were used. The Department would also be required to make a CBED grant of \$25,000 in 2001-02 to CAP Services, Inc., for providing technical assistance and management services to small businesses. Within six months after spending the full amount of the grant, CAP Services, Inc., would be required to submit a report to Commerce detailing how the grant proceeds were used.

Senate: Modify the provision that requires Commerce to make a Community-Based Economic Development (CBED) grant of \$25,000 to Gateway Technical College for costs related to a consortium for a manufacturing center. Require the plan submitted to Commerce to provide for spending the grant proceeds specifically in Racine County.

Conference Committee/Legislature: Delete Senate provision.

Veto by Governor [B-19]: Delete provisions that would require Commerce to make the following grants from the community-based economic development (CBED) program: (a) a grant of \$25,000 in 2001-02 to Gateway Technical College for costs related to a consortium for a manufacturing center; and (b) a grant of \$25,000 in 2001-02 to CAP Services, Inc., for providing technical assistance and management services to small businesses.

[Act 16 Vetoed Sections: 439 and 9110(8x)&(8y)]

18. RURAL ECONOMIC DEVELOPMENT PROGRAM -- GRANTS FOR PROFESSIONAL SERVICES MODIFICATION [LFB Paper 285]

Governor/Legislature: Authorize the Department to contract directly with and pay grant proceeds directly to, any person providing technical or management assistance to a grant recipient under the Rural Economic Development (RED) grants for professional services (early planning grant) program.

The grants for professional services or early planning grant program provides funding for professional services related to starting or expanding a business and for management assistance continuing after the start-up or expansion. Eligible applicants are businesses that meet the following criteria: (1) employ fewer than 50 persons; (2) are located in a rural municipality; and

(3) are starting or expanding operations. Awards are in the form of grants and may not exceed \$15,000 and a cash or in-kind match of at least 25% of the funds received is required.

Grants must be used to fund professional services related to starting or expanding a business or for management assistance continuing after the start-up or expansion. Professional services which may be funded include: preparation of preliminary feasibility studies; feasibility studies or business or financial plans; providing a financial package; engineering studies; appraisals or marketing assistance; and related legal, accounting or managerial services. Management assistance includes engineering and legal services and professional assistance in establishing or improving management systems, policies or procedures in such management concerns as financial planning, personnel, inventory control, production planning, purchasing, bookkeeping, record keeping and marketing.

The Rural Economic Development Program provides grants for professional services and for dairy farm and other agricultural business start-ups modernizations and expansions. The program also provides grants and loans for working capital and fixed asset financing in starting or expanding a business and to pay certain employee relocation and certain retraining costs. Loans and grants are made from both a GPR appropriation, as well as from a program revenue repayments appropriation. The GPR appropriation is the primary source of RED funding. Base level funding for RED is \$656,500 GPR and \$120,000 PR.

[Act 16 Section: 3664]

19. MINORITY BUSINESS FINANCE PROGRAM MODIFICATIONS [LFB Paper 285]

| | Governor (Chg. to Base) | Jt. Finance (Chg. to Gov) | Legislature (Chg. to JFC) | Net Change |
|-------|----------------------------|------------------------------|------------------------------|----------------|
| GPR | \$0 | \$0 | - \$100,000 | - \$100,000 |
| PR | <u>0</u> | <u>160,000</u> | <u>100,000</u> | <u>260,000</u> |
| Total | \$0 | \$160,000 | \$0 | \$160,000 |

Governor: Modify provisions of the minority business finance (MBF) program as follows:

a. *Definition of Eligible Project Costs.* The definition of eligible development project costs used for minority business development project and revolving loan fund and recycling development grant and loans would be modified to exclude expenses incurred more than six months before a grant or loan is approved. Under current law expenses incurred at any time before a grant or loan is approved are not eligible development project costs. Entertainment expenses would continue to be ineligible.

b. *Minority Business Early Planning Grants.* The Department would be authorized to contract directly with and pay grant proceeds directly to any person providing technical or management assistance to the grant recipient under the minority business finance early planning grant program.

The minority business finance early planning grant program funds projects that consist of the preliminary stages of considering and planning the start-up or expansion of a business that will be a minority business. Eligible applicants are individuals who are both minority group members and state residents and minority-owned businesses that are certified by the Department. Commerce may not award more than \$15,000 in a biennium to any one person or for any one project. The total amount of MBF funds that can be awarded for early planning grants are limited to 25% of the amount appropriated for the biennium. The recipient must provide a match of at least 25% of the cost of the planning project. Grant recipients may use the funds to perform business feasibility studies, prepare business, management and marketing plans and prepare financial statements and packaging for business plans.

The MBF program was created in 1989 and consists of the following separate programs: (1) early planning grants; (2) business grants and loans; (3) business incubator grants; (4) business development project and revolving fund grants and loans; and (5) development finance and education and training grants. The MBF program is funded through both a GPR appropriation and a program revenue repayments appropriation. The GPR appropriation is the primary source of funding for the MBF. Loan repayments are placed in the program revenue appropriation and used to fund MBF awards. Base level funding for the MBF program is \$329,200 GPR and \$267,200 PR.

Joint Finance: Include provisions. In addition, provide \$160,000 PR in 2001-02 and require Commerce to make a grant of \$160,000 from the Minority Business Finance program revenue repayments appropriation to the United Community Center in Milwaukee if all of the following apply: (1) the United Community Center submits a plan to the Department detailing the use of the grant and the Secretary of Commerce approves the plan (2) the United Community Center enters into a written agreement with the Department that specifies the conditions for the use of the grant proceeds, including reporting and auditing requirements; and (3) the United Community Center agrees in writing to submit to the Department within six months after spending the full amount of the grant, a report detailing how the grant proceeds were used. Expenditure authority for the program revenue repayment appropriation would be increased by \$160,000 to \$427,200 in 2001-02 to reflect this award.

Senate: Include Joint Finance provisions and require the Department of Commerce to make a grant of \$50,000 annually from the Minority Business Finance (MBF) program to the Multi-Cultural Center of Green Bay for a program designed to educate community businesses and non-profit organizations on how to better recruit and retain a multi-cultural workforce.

Assembly: Include Joint Finance provisions and delete \$100,000 GPR annually from the MBF program and provide annual expenditure authority of \$100,000 PR for the MBF program revenue repayments appropriation. As a result, total base level funding for the MBF would remain unchanged.

Conference Committee/Legislature: Include Joint Finance and Senate provisions and modify Assembly provision to delete \$50,000 GPR annually from the MBF program and provide annual expenditure authority of \$50,000 PR for the MBF program revenue repayments

appropriation. Total funding for the MBF would be \$279,200 GPR annually and \$477,200 PR in 2001-02 and \$317,200 PR in 2002-03.

Veto by Governor [B-18]: Delete provision that would require Commerce to make a grant of \$50,000 annually to the Multi-Cultural Center of Green Bay for a program designed to educate community businesses and non-profit organizations on how to better recruit and retain a multi-cultural workforce.

[Act 16 Sections: 445g, 3709 thru 3712 and 9110(7g)]

[Act 16 Vetoed Section: 439c]

20. CONSOLIDATE BUSINESS DEVELOPMENT ASSISTANCE CENTER AND ENTREPRENEURIAL ASSISTANCE NETWORKS REPORTS

Governor/Legislature: Delete the requirement that the Business Development Assistance Center submit an annual report to the appropriate standing committees of the Legislature. Rather, require a biennial report submitted to the Governor and chief clerks of each house of the Legislature. Provisions that require specific information related to simplifying the process for obtaining state permits and the level of assistance provided would be deleted. Instead, the report would have to describe the Center's activities since the last report and could include recommendations for the Legislature, Governor, public records board, and regulatory agencies on simplifying the process of applying for permits, of reviewing and making determinations on permit applications, and of issuing permits. The report would be required to include information on the number of requests for assistance, the types of assistance provided and the center's success in resolving conflicts in permit application and review processes. The new report would be submitted along with Department's biennial report on its entrepreneurial assistance activities. The requirements that the entrepreneurial assistance report include an evaluation of the effectiveness of entrepreneurial and intermediary assistance programs and that the report be submitted on January 1 of odd-numbered years would be eliminated. The consolidated biennial report would be due beginning on October 15, 2003.

The Business Development Assistance Center assists individuals and businesses that request information on the process of obtaining state permits required for a particular business activity. The types of assistance provided includes: (1) acting as a clearinghouse for information on state permits; (2) expediting the process of permit application, review and issuance; (3) monitoring permit application status and agreements, and referring cases to the appropriate state agency; (4) advocacy services; and (5) mediation and dispute resolution. The Center is required to submit an annual report to the appropriate committee in each house of the Legislature that reviews the assistance provided during the year and makes recommendations for simplifying the permitting process.

Commerce is also required to prepare an inventory of entrepreneurial assistance programs that are offered in the state. The Department is directed to arrange programs that

train or assist intermediaries who provide assistance to entrepreneurs and to coordinate entrepreneurial assistance programs and intermediary assistance programs. Commerce is required to submit to the Governor and chief clerk of each house of the Legislature by January 1 of each odd numbered year a report that evaluates the effectiveness entrepreneurial and intermediary assistance programs and describes its activities related to those programs.

[Act 16 Sections: 3694, 3695, 3697 and 3698]

21. MILWAUKEE DEVELOPMENT OPPORTUNITY ZONE AND CAPITAL INVESTMENT CREDIT [LFB Paper 105]

Governor/Joint Finance: Designate an area in the City of Milwaukee as a development opportunity zone. The Milwaukee development opportunity zone would exist for seven years, beginning with the effective date of the bill. Any corporation that conducted economic activity in the zone and that, in conjunction with the Common Council of the City of Milwaukee, submitted a project plan would be eligible to claim the development zone tax credit, the development zone investment credit and a development zone capital investment credit that would be created in the bill. The maximum amount of tax credits that could be claimed by businesses in the zone would be \$4.7 million. (This provision is designed to provide assistance to Saks Fifth Avenue for the Grand Avenue Boston Store location in Milwaukee.)

As noted, in order to claim tax credits, a corporation that conducts or intends to conduct economic activity in the Milwaukee development opportunity zone would have to submit a project plan to Commerce, in conjunction with the Common Council. The project plan would have to include:

- a. The name and address of the corporation's business for which tax benefits will be claimed.
- b. The federal tax identification number of the business.
- c. The names and addresses of other locations outside the development opportunity zone where the corporation conducts business and a description of the business activities at those locations
- d. The amount the corporation proposes to invest in a business, or spend on the construction, rehabilitation, repair or remodeling of a building located in the development opportunity zone.
- e. The estimated total investment of the corporation in the development opportunity zone.
- f. The number of full-time jobs that would be created, retained or substantially upgraded as a result of the corporation's economic activity in relation to the amount of tax benefits estimated for the corporation.

g. The corporation's plan to make reasonable attempts to hire employees from the targeted population (public assistance recipients and other economically disadvantaged individuals).

h. A description of the commitment of the Milwaukee Common Council to the corporation's project.

i. Any other information required by Commerce or the Department of Revenue.

Commerce would be required to revoke the entitlement for tax credits of a corporation that: (a) supplied false or misleading information to obtain the tax benefits; (b) left the zone to conduct substantially the same business outside the development opportunity zone; and (c) ceased operations in the zone and did not renew the same or similar operations within 12 months. DOR would have to be notified within 30 days of a revocation.

Annually, Commerce would be required to estimate the amount of revenue that would be forgone due to tax credits claimed by businesses in the development opportunity zone. The zone would expire 90 days after the day on which Commerce determined that amount of forgone revenue equaled or exceeded the tax credit limit. Commerce would be required to notify the Milwaukee Common Council of any change in the expiration date. Commerce would also be required to notify DOR of corporations entitled to claim the tax credits and to verify information submitted by claimants.

A business in the Milwaukee development opportunity zone would be eligible to claim a development zone investment credit, the development zone credit provided under current law and a newly created development zone capital investment credit.

Tax Credits Claimed Based on the Economic Activity of Another. Commerce would be authorized to certify a person that was conducting economic activity in the development opportunity zone as eligible for claiming the available tax credits based on the economic activity of another person. (This is intended to address cases where a person developed a business location for lease to another business and the lessee business created jobs but could not claim the jobs component of the development zones credit.) In order for Commerce to certify a person as eligible for credits based on the economic activity of another person, the following would have to apply:

a. The person's (to be certified) economic activity was instrumental in enabling another person to conduct economic activity in the development opportunity zone.

b. Commerce determines that the economic activity of the other person would not occur without the involvement of the person to be certified.

c. The person to be certified for tax benefits would pass the tax benefits through to the other person conducting economic activity in the development opportunity zone.

d. The other person conducting economic activity in the zone would not claim tax benefits.

A person that intended to claim tax benefits based on the economic activity of another would be required to submit an application to Commerce, in the form prescribed by the Department, with information required by Commerce and by DOR. Commerce would be required to verify information submitted for tax credits and to notify DOR of all persons that were certified to claim tax credits.

Commerce would be required to revoke the certification for tax credits under this provision if it determined that the person: (a) supplied false or misleading information; (b) ceased operations in the development opportunity zone; or (c) did not pass tax benefits through to the other person conducting economic activity in the zone, as determined by Commerce. The Department would be required to notify DOR of any revocation of certification within 30 days of the revocation. See "General Fund Taxes -- Individual and Corporate Income Taxes" for additional information related to tax credits under these provisions.

Senate: Provide that the tax credits in the Milwaukee development opportunity zone created in the bill that are claimed based on the partnership's company's or corporation's activities in proportion to their ownership interest may offset the tax attributable to their income.

Conference Committee/Legislature: Include Senate provision and adopt a technical amendment to clarify that noncorporate businesses in the zone could claim tax credits in the zone.

Veto by Governor [B-28]: Delete provisions that require that the tax credits could only be used to offset taxes on a claimant's income from business operations directly related to those in the zone. This would clarify that the tax credits could be used to offset all of the income of eligible businesses.

[Act 16 Sections: 2143, 2146, 2147k, 2147m, 2147p, 2147r, 2147t, 2152, 2157, 2175, 2176, 2176m, 2177, 2178k, 2178m, 2178p, 2180, 2190p, 2191, 2192k, 2192m, 2192p, 2194, 2203, 2248, 3700, 3701, 3702, 3703, 3703p, 3704, 3704e thru 3708 and 9344(9),(10)&(11z)]

[Act 16 Vetoed Sections: 2146, 2147p, 2177, 2178p, 2191 and 2192p]

22. TECHNOLOGY ZONES AND AGRICULTURAL DEVELOPMENT ZONE PROGRAMS [LFB Paper 106]

Governor: Require Commerce to designate as technology zones up to seven areas in the state in fiscal year 2001-02, up to seven areas in 2002-03 and up to six areas in 2003-04. Designation of an area as a technology zone would be for 10 years. Commerce could change the boundaries of a technology zone at any time that its designation is in effect. A change in

boundaries would not affect the designation of the area as a technology zone or the maximum amount of tax credits that could be claimed in the technology zone.

A business that was located in a technology zone and that was certified by Commerce would be eligible to claim a technology zones credit that would be created under the bill.

Commerce could certify a business as eligible for technology zone tax credits if the business met the following requirements:

- a. The business was located in a technology zone.
- b. The business was a new or expanding business.
- c. The business was a high-technology business.

In determining whether to certify a business for tax credits Commerce would be required to consider:

- a. How many jobs the business was likely to create.
- b. The extent and nature of the high technology used by the business.
- c. The likelihood that the business would attract related enterprises.
- d. The amount of capital investment that the business would be likely to make in Wisconsin.
- e. The economic viability of the business.

When Commerce certified a business as eligible for tax credits, Commerce would establish a limit on the amount of tax credits the business could claim. Generally, unless certification was revoked and subject to the maximum limit on credits that could be claimed, a business could claim a tax credit for three years. However, if the business experienced growth, as determined by Commerce, it could claim a tax credit for up to five years.

Commerce would be required to enter into an agreement with a business that it certified. The agreement would specify the limit on the amount of tax credits that the business could claim, the extent and type of growth that that business would have to experience to extend eligibility for tax credits, the baseline against which growth would be measured, other conditions that would have to be met to extend eligibility for tax credits, and reporting requirements.

Commerce would be required to notify DOR of the following:

- a. Designation of a technology zone.

b. Certification of a business and the limit on the amount of tax credits the business could claim.

c. Extension or revocation of a business' certification.

The bill would require Commerce to promulgate administrative rules for administering the technology zones program including:

a. Criteria for designating an area as a technology zone.

b. A business' eligibility for certification for tax credits as well as definitions of "new or expanding business" and "high-technology business."

c. Certifying a business, including use of criteria for consideration specified in the bill.

d. Standards for establishing a limit on the amount of tax credits that a business may claim.

e. Standards for extending a business' certification, including what measures, in addition to job creation, Commerce would use to determine the growth of a specific business and how Commerce would establish baselines for measuring growth.

f. Reporting requirements for certified businesses.

g. The exchange of information between Commerce and DOR.

h. Reasons for revoking a business' certification.

i. Standards for changing the boundaries of a technology zone.

See "General Fund Taxes -- Individual and Corporate Income Taxes" for additional information related to the tax credits.

Joint Finance: Modify provisions as follows: (a) authorize the Department of Commerce to create up to nine technology zones but provide that the Department could not designate more than three zones without approval of the Joint Committee on Finance; and (b) limit the total amount of technology zones tax credits that could be claimed in a zone to \$3.0 million. Also, provide that partnerships, limited liability companies and S corporations could pass the technology zones credit on to partners and members.

Senate: Delete provisions.

Assembly: Include provisions that would require the Department of Commerce to designate as technology zones up to 18 areas in the state between fiscal years 2001-02 and 2003-04. However, the Department could not create more than three zones without approval of the Joint Committee on Finance. Designation of an area as a technology zone would be for 10 years. A business that was located in a technology zone and that was certified by Commerce would be

eligible to claim the technology zones tax credit that would be created under the bill that would equal the sum of the following: (a) the amount of real and personal property taxes that the business paid during the tax year; (b) the amount of state income and franchise taxes that the business paid during the tax year; and (c) the amount of state, county and special district sales and use taxes that the business paid during the tax year.

The maximum amount of tax credits that could be claimed in a technology zone would be \$5 million. Credits that were not entirely used to offset income or franchise taxes in the current year could be carried forward up to 15 years to offset future tax liabilities.

Commerce would also be required to designate a technology zone in the City of Marshfield.

In addition, an agricultural development zone program would be created. Under the program, Commerce would be required to designate two agricultural development zones located in rural municipalities and that could exist for 10 years. A rural municipality would be: (a) a city, town or village that is located in a county with a population density of less than 150 persons per square mile; or (b) a city, town or village with a population of 6,000 or less. New or expanding agricultural businesses in a zone could claim the following tax credits under the state individual and corporate income and franchise taxes: (a) a development zones capital investment credit equal to 3% of the purchase price of depreciable real and tangible personal property primarily used in the zone and 3% of the amount expended to acquire, construct, rehabilitate, remodel or repair real property in the zone (this credit would be provided in the Milwaukee and Beloit development opportunity zones); and (b) the development zones jobs and environmental remediation credit. Unused tax credits could be carried forward up to 15 years to offset future tax liabilities. The maximum amount of credits that could be claimed by agricultural businesses in a zone would be \$5 million and the tax credits would first apply to tax years beginning on or after January 1, 2003. The Department of Commerce would administer the program. Since the tax credits would first apply to tax years beginning on or after January 1, 2003, there would be no fiscal effect in the current biennium. However, it is estimated that the \$10 million in authorized tax credits would be claimed beginning in the 2003-05 biennium.

Conference Committee/Legislature: Adopt Assembly provisions with the following modifications:

- a. Limit the total number of technology zones that could be created to eight;
- b. Require that Commerce could not create a technology or agricultural development zone without the approval of the Joint Committee on Finance;
- c. Require that an agricultural development zone be authorized as specified under the Assembly provisions;
- d. Include a technical amendment to clarify that noncorporate businesses could claim the technology zones and agricultural development zones tax credits;

e. Delete the provision that would require Commerce to designate a technology zone in the City of Marshfield.

Veto by Governor [B-12]: Delete the requirement that the Joint Committee on Finance must approve Commerce's designation of a technology or agricultural development zone.

[Act 16 Sections: 2143, 2146, 2146m, 2147k, 2147r thru 2148, 2153, 2157, 2175, 2177, 2177m, 2178k, 2178r thru 2179, 2181, 2182, 2191, 2191m, 2192k, 2192r thru 2193, 2195, 3700, 3700d, 3708m, 3713 and 9344(10),(11z)&(22)]

[Act 16 Vetoes Sections: 3708m and 3713]

23. BELOIT DEVELOPMENT OPPORTUNITY ZONE

Senate/Assembly/Legislature: Require the Department of Commerce to designate an area in the City of Beloit as a development opportunity zone that would exist for seven years. Any corporation that located and conducted economic activity in the zone would be eligible to claim the development zone tax credit and a development zone capital investment credit and the maximum amount of tax credits that could be claimed by businesses in the zone would be \$4,700,000.

In order to claim tax credits, a corporation that conducts or intends to conduct economic activity in the Beloit development opportunity zone would have to submit a project plan to the Department of Commerce, in conjunction with the Common Council. Commerce would be authorized to revoke the entitlement for tax credits of a corporation that: (a) supplied false or misleading information to obtain the tax benefits; (b) left the zone to conduct substantially the same business outside the development opportunity zone; or (c) ceased operations in the zone and did not renew the same or similar operations within 12 months. DOR would have to be notified within 30 days of a revocation.

Commerce would be required to estimate the amount of revenue that would be forgone due to tax credits claimed by businesses in the development opportunity zone. The zone would expire 90 days after the day on which the Department of Commerce determined that the amount of forgone revenue equaled or exceeded the tax credit limit. Commerce would notify the Common Council of any change in the expiration date and notify the Department of Revenue of corporations entitled to claim the tax credits and to verify information submitted by claimants.

Based on information provided by the City of Beloit concerning the timing of investments in the proposed development opportunity zone, it is estimated that there would be a minimal fiscal effect during the 2001-03 biennium. However, it is anticipated that the \$4.7 million in tax credits would likely be claimed in the 2003-05 biennium.

[Act 16 Sections: 2143, 2146, 2147k, 2147m, 2147r, 2147t, 2152, 2157, 2175, 2176, 2176m, 2177, 2178k, 2178m, 2180, 2190p, 2191, 2192k, 2192m, 2194, 2203, 2248, 3700, 3701m, 3702, 3703, 3703p, 3704, 3704e thru 3708 and 9344(9),(10)&(11z)]

24. MINORITY BUSINESS CERTIFICATION PROGRAM

Senate/Legislature: Require statewide uniform certification of minority businesses through the Department of Commerce. Commerce would be authorized to prescribe application forms by rule, but could not require applicants to file a copy of their tax return to certify income. All local governmental and county municipal ordinances regarding minority business certification would be required to conform with state certification rules and laws.

Under current law, Commerce certifies firms for eligibility to participate in the state's minority business bid preference program. A minority-owned business (sole proprietorship, partnership, corporation or joint venture) must meet the following criteria: (a) belong to a minority group including Native American, Black, Hispanic, Asian Indian, Asian Pacific, Aleut, Eskimo, or Native Hawaiian; (b) be at least 51% owned, controlled and actively managed by minority group members; (c) serve a useful business function and have customers other than the state of Wisconsin; and (d) the business must be at least one year old under the current ownership. In order to be certified, the business must complete an application for certification, provide documentation of ethnic status, and provide financial records and other information.

Veto by Governor [B-11]: Delete these provisions. In his veto message, the Governor indicated he would request the Departments of Commerce and Administration to conduct a thorough review of the process of minority certification and propose a uniform certification process in the next biennial budget. The plan should consider all affected minority groups including businesses, minority organizations and federal, state and local governments.

[Act 16 Vetoed Sections: 321j, 1111j, 1346t, 1372i, 1406w, 2001r, 2002m, 2003t, 2003vp, 2003vq, 2003wm, 2003wq, 2026k, 2307h, 2307i, 2307j, 2307ji, 2744m, 2760m, 3020h, 3020i, 3020j, 3020k, 3035x, 3037p, 3037q, 3037r, 3095j, 3097e, 3098v, 3141d, 3619sd, 3619sg, 3619sj, 3619sm, 3619sp and 3710j]

25. HERITAGE TRUST PROGRAM

Senate: Create a Heritage Trust Program administered by the Department of Commerce. Commerce would be provided \$10 million in general obligation bonding authority and be authorized to expend \$1 million per year for ten years for grants to local governmental units for preservation of historic buildings and properties owned by the governmental unit beginning with state fiscal year 2003-04. A GPR sum sufficient appropriation would be created for the principal and interest costs incurred in financing Heritage Trust grants.

Further, provide \$1,000,000 GPR in a sum sufficient appropriation beginning in fiscal year 2003-04. Commerce could award up to \$500,000 in grants to nonprofit organizations for historic

preservation. Grant recipients would be required to provide matching funds of 25%, unless Commerce decided to require a higher amount. The State Historical Society would determine the eligibility of historic preservation projects using federal standards for rehabilitation. Commerce would be authorized to promulgate rules to administer the program. The remaining \$500,000 GPR would be used to match equal private contributions to the Heritage Trust.

Monies in the Trust would constitute an endowment fund that would provide grants to nonprofit organizations for historic preservation beginning on July 1, 2012 from a GPR sum sufficient appropriation. State funding that was not matched during a fiscal year would be carried over to the next fiscal year to fund local government and nonprofit organization grants.

Conference Committee/Legislature: Delete provision.

26. COMMUNITY DEVELOPMENT BLOCK GRANT TO WESTBY FIRE DEPARTMENT

Senate/Legislature: Require Commerce to make a community development block grant-public facilities grant of \$260,000 by June 30, 2003, to the Westby Fire Department, if the fire department is denied a federal FEMA fire grant. Commerce would be required to enter into an agreement with the Westby Fire Department that specified the uses for the grant proceeds and reporting and auditing requirements.

Veto by Governor [B-20]: Delete provision.

[Act 16 Vetoed Section: 9110(10d)]

27. LEGISLATIVE REVIEW OF ECONOMIC DEVELOPMENT ENTITIES

Assembly: Require all private and nonprofit entities that receive permanent base level funding from the Department of Commerce to appear before and report to the appropriate standing committees of the Legislature to justify the permanent funding. Commerce would be required to advise the standing committees of the entities subject to the requirements and would also be required to notify those entities of the requirement.

Conference Committee/Legislature: Delete provision.

28. REPORT ON OFFICE OF ECONOMIC STRATEGY

Assembly/Legislature: Require the Department of Commerce, by July 1, 2002, to submit a report to the appropriate standing committees of the Legislature on a plan to create an office of economic strategy for coordinating all state government efforts and activities related to economic development.

Veto by Governor [B-22]: Delete provision.

[Act 16 Vetoed Section: 9110(8z)]

29. STRUCTURAL GRANT PROGRAM FOR RURAL FIRE DEPARTMENTS

Assembly: Authorize DNR to create a grant program that would provide grants to fire departments that are considered "first responders" in areas with a population below 6,000, and who have entered into mutual aid agreements for structural fire protection with neighboring fire departments. Grants would be awarded for up to 50% of the cost of equipment used to fight structural fires. Eligible grant uses would include all of the following: (a) personal protective equipment (including protective clothing, breathing apparatuses, and personal alert safety systems); (b) communication equipment (including radios, base stations, and pagers); (c) suppression tools (including pumps, hoses, dry hydrants, and tool trailers); (d) supplies related to fire prevention (including posters, handouts, and smoke detectors); and (e) training related to structural fires (including equipment, materials, and structural training towers). Ineligible grant expenditures would include buildings, vehicles, search and rescue or emergency medical equipment, or equipment or materials that would be used exclusively for the suppression of forest fires. A total of \$320,000 SEG annually from the forestry account would be provided to fund the grant program and \$30,000 SEG annually and 1.0 position from the forestry account would be provided to administer the grant program.

Conference Committee/Legislature: Authorize Commerce to create a grant program that would provide grants to fire departments that are considered "first responders" in areas with a population below 6,000, and who have entered into mutual aid agreements for structural fire protection with neighboring fire departments. Grants would be awarded for up to 50% of the cost of equipment used to fight structural fires. Eligible grant uses would include all of the following to the extent allowable by federal law: (a) personal protective equipment (including protective clothing, breathing apparatuses, and personal alert safety systems); (b) communication equipment (including radios, base stations, and pagers); (c) suppression tools (including pumps, hoses, dry hydrants, and tool trailers); (d) supplies related to fire prevention (including posters, handouts, and smoke detectors); and (e) training related to structural fires (including equipment, materials, and structural training towers). Ineligible grant expenditures would include buildings, vehicles, search and rescue or emergency medical equipment, or equipment or materials that would be used exclusively for the suppression of forest fires. Designate up to \$250,000 annually be allocated from the Commerce federal small cities community development block grant (CDBG) program to fund the fire suppression grant program.

Veto by Governor [B-23]: Delete provision.

[Act 16 Vetoed Section: 3664m]

Building and Environmental Regulation

1. PECFA -- REVENUE OBLIGATION AUTHORITY [LFB Paper 302]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov) | Net Change |
|----|----------------------------|-----------------------------------|--------------|
| BR | \$100,000,000 | - \$28,000,000 | \$72,000,000 |

Governor: Provide \$100,000,000 in revenue obligation authority for the petroleum environmental cleanup fund award (PECFA) program, to increase revenue obligation authority under the program from \$270 million to \$370 million. The PECFA program reimburses owners for a portion of the cleanup costs of discharges from petroleum product storage systems and home heating oil systems. 1999 Act 9 authorized the Building Commission to issue revenue obligations of up to \$270 million in principal amount (typically long-term bonds or short-term notes), to be paid from petroleum inspection fees, to fund the payment of claims under the PECFA program.

Joint Finance/Legislature: Approve \$72 million instead of \$100 million in additional revenue obligation authority for the PECFA program.

[Act 16 Section: 2485]

2. PECFA AWARDS [LFB Paper 302]

| | |
|-----|----------------|
| SEG | - \$45,263,400 |
|-----|----------------|

Joint Finance/Legislature: Decrease the PECFA awards appropriation by \$19,131,700 SEG in 2001-02 to provide \$75,000,000 and by \$26,131,700 SEG in 2002-03 to provide \$68,000,000 to reflect the reduction in amounts available for awards due to allocation of petroleum inspection funds to revenue obligation bond debt service.

3. PECFA STAFF [LFB Paper 303]

| | Governor (Chg. to Base) | | Jt. Finance/Leg. (Chg. to Gov) | | Net Change | |
|-------|----------------------------|-----------|-----------------------------------|-----------|-------------|-----------|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| SEG | \$605,100 | 4.00 | \$0 | 0.00 | \$605,100 | 4.00 |
| PR | 131,300 | 3.00 | - 1,267,800 | - 12.00 | - 1,136,500 | - 9.00 |
| Total | \$736,400 | 7.00 | - \$1,267,800 | - 12.00 | - \$531,400 | - 5.00 |

Governor: Provide \$276,500 SEG in 2001-02 with 3.0 SEG positions from the petroleum inspection fund and \$328,600 SEG and \$131,300 PR in 2002-03 with 4.0 SEG positions and 3.0 PR positions for staff changes in the Petroleum Environmental Cleanup Fund Award (PECFA) program.

- a. Provide \$44,400 SEG in 2002-03 with 1.0 SEG project position to extend an attorney position to four years and extend the expiration date from September 1, 2002, to September 1, 2004. The position would work on PECFA appeals and other PECFA-related legal matters.
- b. Provide \$49,000 SEG in 2001-02 and \$56,700 SEG in 2002-03 for 1.0 two-year project attorney position. The position would work on PECFA appeals and other PECFA-related legal matters. (A four-year project attorney position expires on January 13, 2002 and is deleted under standard budget adjustments.)
- c. Provide \$131,300 PR in 2002-03 to convert 3.0 project hydrogeologist positions to permanent for administration of cleanup provisions at PECFA sites. Program revenue for the positions comes from a federal Leaking Underground Storage Tank program grant received through an interagency agreement with the DNR. On May 3, 2000, the Joint Committee on Finance approved 3.0 PR, two-year project positions. The current two-year project positions expire on July 1, 2002.
- d. Provide \$82,500 SEG annually to convert the funding source for 2.0 PR project claim review positions that expire July 1, 2001, from program revenue in the safety and buildings general operations appropriation to SEG petroleum inspection fund and to extend the expiration date of the project positions by two years to July 1, 2003. On May 3, 2000, the Joint Committee on Finance approved 2.0 PR one-year project positions funded from petroleum tank review and inspection fees in the safety and buildings general operations appropriation and deleted 2.0 PR project positions under the appropriation for petroleum storage remedial action fees.
- e. Provide \$145,000 SEG annually to pay for contractual services with the Department of Justice for two special investigators to investigate fraud under the program.

Joint Finance/Legislature: Approve the Governor's recommendation as modified to: (a) provide the new project attorney with a four-year, instead of a two-year, term; and (b) delete \$612,100 PR in 2001-02 and \$655,700 PR in 2002-03 with 12.0 PR positions to reflect that ongoing funding for the positions will be provided through a direct federal LUST grant to Commerce instead of through an interagency agreement with DNR.

4. PECFA -- HIGH-COST SITES [LFB Paper 304]

Governor: Make changes related to Commerce and DNR administration of cleanup at "high-cost" PECFA sites and the responsibility of the two departments to ensure completion of cleanup at these sites. Currently, DNR administers remedial actions and completion of cleanup at high-risk petroleum storage tank discharge sites. Commerce administers remedial actions and completion of cleanup at low- and medium-risk petroleum storage tank discharge sites.

Under the bill, a "high-cost site" would mean the site of a discharge of a petroleum product from a petroleum storage tank at which more than \$200,000 in eligible PECFA costs

have been incurred. DNR and Commerce, whichever agency has jurisdiction, would be required to oversee the remedial action activities for category one high-cost sites. A "category one high-cost site" would mean a site of a discharge that is a high-cost site on November 30, 2001, for which written approval of the completion of remedial action activities has not been issued on or before that date by DNR or Commerce, whichever agency has jurisdiction. The two Departments would be required to oversee the remedial action activities at these sites in a manner that remedial action activities are completed for at least 15% of those sites in each 12-month period and that remedial action activities are completed at all category one high-cost sites no later than December 1, 2006, or 10 years after the site investigation is completed, whichever is later.

Commerce would be required to oversee the remedial action activities for category 2 high-cost sites. A "category 2 high-cost site" would mean a site of a discharge that becomes a high-cost site after November 30, 2001, if either more than \$400,000 in eligible PECFA costs have been incurred or remedial action activities have not been completed within seven years after the site investigation is completed. This means that sites classified as category 2 high-cost sites under the bill that are currently high-risk sites under the jurisdiction of DNR would be transferred to Commerce. Under the bill, Commerce would be required to administer the remedial action activities at category 2 high-cost sites so that remedial action activities are completed within three years after the site becomes a category 2 high-cost site.

The requirement that DNR and Commerce administer the remedial action activities at PECFA sites so that remediation is completed within a certain period of time would not apply to a PECFA claimant that: (a) is a local government, if federal or state financial assistance other than from PECFA, has been provided for that expansion or redevelopment; or (b) is engaged in the expansion or redevelopment of brownfields, if federal or state assistance other than PECFA, has been provided for that expansion or redevelopment.

Joint Finance/Legislature: Delete provision.

5. PECFA -- INTEREST COST REIMBURSEMENT [LFB Paper 305]

Governor: Limit PECFA program reimbursement for interest costs associated with loans for remediation under certain situations. Currently, the maximum reimbursable interest costs are 1% above the prime rate for loans secured on or after October 17, 1997, and before November 1, 1999. Currently, for loans secured on or after November 1, 1999, reimbursement for interest costs is limited based on the applicant's gross revenues in the most recent tax year as follows: (a) if gross revenues are up to \$25 million, interest reimbursement is limited to the prime rate minus 1%; and (b) if gross revenues are over \$25 million, interest reimbursement is limited to 4%.

Under the bill, interest cost reimbursement would be limited as follows: (a) if an applicant submits the final PECFA claim for reimbursement of cleanup costs under the program later than the 60th day after completing all remedial action activities, the applicant is ineligible for

reimbursement for interest costs incurred after that day; (b) if cleanup activities are not completed within 10 years (the first day of the 121st month) after the investigation of the petroleum storage tank discharge was completed, the applicant is ineligible for reimbursement for interest costs incurred after the 10-year period; and (c) if the site investigation was completed more than five years (the first day of the 61st month) after the applicant notified Commerce or DNR about the discharge or more than two years (the first day of the 25th month) after the effective date of the bill, whichever is later, the applicant is ineligible for reimbursement for interest costs incurred after the later of those periods. For a category one high-cost site, if the first day of the 121st month after completion of the investigation is before December 1, 2006, interest costs incurred after December 1, 2006 are ineligible costs.

The interest cost reimbursement limits under the bill would not apply to: (a) local government applicants who receive federal or state financial assistance other than PECFA for the expansion or redevelopment; and (b) applicants engaged in the expansion or redevelopment of brownfields, if federal or state financial assistance other than PECFA was provided for the expansion or redevelopment. Brownfields would be defined the same as under the Commerce brownfields grant program to mean abandoned, idle or underused industrial or commercial facilities or sites, the expansion or redevelopment of which is adversely affected by actual or perceived environmental contamination.

Joint Finance/Legislature: Modify the Governor's recommendation as follows:

a. Provide an applicant with 120 days, rather than 60 days, to submit a PECFA claim for reimbursement of cleanup costs before becoming ineligible for interest cost reimbursement after that date. Specify that if an applicant received written notification that no further action is necessary before the effective date of the bill, he or she would have 120 days after the effective date of the bill to submit a final claim before becoming ineligible for interest cost reimbursement after that date.

b. Delete the Governor's recommendation that would have provided that: (1) if the remedial action activities were completed more than 10 years after the investigation was completed, the applicant is ineligible for reimbursement for interest costs incurred after the 10-year period; and (2) category one high-cost sites that incur more than \$200,000 in eligible PECFA costs on November 30, 2001, would have until the later of 10 years after the investigation or December 1, 2006, to complete the cleanup before losing interest cost reimbursement.

c. Change the maximum reimbursable interest cost reimbursement for loans secured on or after the effective date of the bill to the prime rate minus 1%, instead of limiting applicants with gross revenues of over \$25 million to interest cost reimbursement of 4%.

Veto by Governor [B-13]: Delete the change in the maximum reimbursable interest cost reimbursement to maintain the current requirement that applicants with gross revenues of greater than \$25,000,000 in the previous tax year would be reimbursed for interest costs of 4%.

[Act 16 Sections: 2470 and 2471]

[Act 16 Vetoed Sections: 2470p, 2470r and 9310(1x)]

6. PECFA -- FARM TANK ELIGIBILITY [LFB Paper 306]

Governor: Modify PECFA eligibility for certain farm tanks. Currently farm petroleum product storage tanks of 1,100 gallons or less capacity are eligible under PECFA if the owner or operator owns at least 35 acres of contiguous land devoted primarily to agricultural use that produced gross farm profits of at least \$6,000 in the year before the owner or operator submits a claim for PECFA reimbursement or gross farm profits of at least \$18,000 during the three years before application, and if the owner or operator received a letter from DNR or Commerce indicating that the owner must conduct a cleanup. The bill would make the following changes: (a) an owner or operator who formerly owned at least 35 acres of contiguous land devoted primarily to agricultural use would be eligible to submit a PECFA claim if the owner or operator submits a PECFA claim within one year after he or she transferred ownership of the land, and the land produced gross farm profits of at least \$6,000 in the year before the owner or operator transferred ownership or gross farm profits of at least \$18,000 during the three years before the transfer of ownership; and (b) the current or former owner or operator of the farm tank, whichever is applying for PECFA reimbursement under the bill, is eligible only if the farm tank is located on the parcel that meets the gross profits eligibility test.

Joint Finance/Legislature: Modify the Governor's recommendation to allow an owner or operator who formerly owned a PECFA-eligible farm tank to submit a PECFA claim at any time after he or she transferred ownership of the land, if the land meets other program criteria, including the acreage test and the gross farm profits test on the date of the initial notification of the discharge.

[Act 16 Sections: 2464f, 2469 and 2472 thru 2482]

7. PECFA -- APPEALS PROCESS

Joint Finance/Legislature: Modify the PECFA appeals process as follows: (a) modify the current provision that allows a person to choose arbitration rather than an administrative hearing for an appeal of a decision of Commerce related to PECFA if the amount at issue would be \$100,000 or less (instead of \$20,000 or less currently); (b) direct Commerce to submit permanent administrative rules to the Legislature under s. 227.19 no later than May 1, 2002, to implement the voluntary arbitration provision; and (c) direct Commerce to submit to the Joint

Committee on Finance no later than March 1, 2002, recommendations for a process for mediating disputes over the Department's decisions related to PECFA.

Veto by Governor [B-14]: Delete the requirements that would have: (a) directed Commerce to submit administrative rules to the Legislature by May 1, 2002, to implement the current voluntary arbitration process; and (b) directed Commerce to submit to the Joint Committee on Finance no later than March 1, 2002, recommendations for a process for mediating disputes over the Department's decisions related to PECFA.

[Act 16 Section: 2483k]

[Act 16 Vetoed Sections: 9110(2x)&(2y)]

8. PECFA -- ANNUAL PROGRESS PAYMENTS

Joint Finance/Legislature: Allow an owner or operator to submit a claim annually if the owner or operator has incurred \$50,000 or more in unreimbursed eligible PECFA costs and at least one year has elapsed since submission of the last claim.

[Act 16 Sections: 2468p and 2468r]

9. PETROLEUM TANK PLAN REVIEW FEES

| | |
|---------|---------------|
| PR-REV | - \$2,035,300 |
| SEG-REV | 2,035,300 |

Governor/Legislature: Deposit fees collected since July 1, 1996, for petroleum tank plan review and installation inspection in the segregated petroleum inspection fund instead of in the safety and buildings program revenue general operations appropriation. This would result in a decrease of approximately \$2,035,300 in safety and buildings program revenue during the 2001-03 biennium and a corresponding revenue increase in the petroleum inspection fund. The bill would include the following components: (a) transfer \$1,280,641 from the safety and buildings program revenue appropriation to the petroleum inspection fund (the amount of tank fees collected between July 1, 1996 and June 30, 2000); (b) transfer the amount of tank fees collected between July 1, 2000, and the effective date of the bill, less the costs encumbered during that period for two PECFA program specialists from the safety and buildings program revenue appropriation to the petroleum inspection fund (estimated at \$174,900 in 2000-01 revenues after deduction of the staff costs approved by the Joint Committee on Finance in May, 2000, under s. 16.505/515); and (c) deposit of tank fees in the petroleum inspection fund after the effective date of the bill (estimated at \$289,900 annually beginning in 2001-02). Petroleum tank plan review and inspection revenues collected prior to 1995-96 were transferred to the petroleum inspection fund. Staff who perform tank plan reviews and installation inspections were transferred in the 1993-95 biennial budget act from the safety and buildings appropriation to a new SEG petroleum inspection appropriation. Due to an oversight, petroleum tank plan review and installation inspection revenues collected since July

1, 1996, continue to be deposited in the safety and buildings appropriation instead of the petroleum inspection fund.

[Act 16 Sections: 1129, 2449, 2490, 9101(1) and 9210(1)]

10. GROUNDWATER MONITORING NEAR ONSITE WASTEWATER TREATMENT SYSTEMS [LFB Paper 307]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov) | Net Change |
|----|----------------------------|-----------------------------------|------------|
| PR | \$500,000 | - \$150,000 | \$350,000 |

Governor: Provide \$250,000 PR annually in one-time funding in unallotted reserve for the Safety and Buildings Division to conduct a monitoring program to provide information about the long-term performance of private on-site wastewater treatment systems and long-term compliance with groundwater standards. Program revenue would be provided from building and private sewage system plan review and inspection activities. The Governor's Executive Budget Book indicates that funds would be released from unallotted reserve by DOA following development of a monitoring plan by Commerce. Commerce indicates that it would work with a technical advisory committee to develop the monitoring program. The Department indicates that possible types of monitoring costs might be: (a) testing of drinking water wells at \$50 per test; and (b) sampling of soil cores at private on-site wastewater treatment systems at \$4,000 to \$4,500 per site.

Joint Finance/Legislature: Approve the Governor's recommendation, as modified, to provide \$175,000 annually on a one-time basis instead of \$250,000 annually.

11. TRANSFER CODE CONSULTANT SECTION TO ADMINISTRATIVE SERVICES DIVISION [LFB Paper 308]

| | Funding | Positions |
|-------|-----------|-----------|
| SEG | \$34,600 | - 0.50 |
| PR | 854,800 | 0.50 |
| Total | \$889,400 | 0.00 |

Governor: Transfer \$547,500 PR and 6.0 PR code consultant positions annually from the Safety and Buildings Division to the Administrative Services Division. The positions perform activities related to administrative rule development such as for building, electrical, elevator, plumbing, private sewage system, one- and two-family dwelling, manufactured building and multifamily dwelling codes. The Administrative Services Division performs agencywide activities.

Joint Finance/Legislature: Modify the Governor's recommendation to delete \$517,500 PR annually and 5.5 PR positions from the Safety and Buildings Division and \$38,300 SEG annually and 0.5 SEG position from the petroleum inspection operations appropriation and provide \$555,800 PR annually and 6.0 PR positions to the Administrative Services Division (ASD). In

addition, provide \$389,100 PR annually in the Safety and Buildings general program operations appropriation and \$55,600 SEG annually in the petroleum inspection general program operations appropriation to pay ASD charges for the positions.

12. TRANSFER MOBILE HOME PARK WATER AND SEWER REGULATION FROM PUBLIC SERVICE COMMISSION [LFB Paper 300]

| | Governor (Chg. to Base) | | Jt. Finance/Leg. (Chg. to Gov) | | Net Change | |
|----|------------------------------------|------------------|---|------------------|-------------------|------------------|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| PR | \$122,800 | 1.00 | -\$15,300 | 0.00 | \$107,500 | 1.00 |

Governor: Provide \$61,400 and 1.0 position annually and transfer the authority for mobile home park water and sewer regulation from the Public Service Commission (PSC) to Commerce, effective six months (first day of the seventh month) after the effective date of the bill. [See also the entry under "PSC."] Program revenue would be received from an annual assessment against manufactured home park owners or operators. 1999 Act 9 transferred regulation of manufactured homes formerly performed by the Department of Transportation and Department of Administration to Commerce. Prior to and after enactment of 1999 Act 9, Commerce regulated the manufacture and inspection of manufactured homes. The bill includes the following provisions:

a. Direct that Commerce would regulate the provision of water and sewer service to occupants of "manufactured home parks." Currently, the PSC regulates "mobile home parks." The current definition of manufactured home parks would be maintained which includes any plot or plots of ground upon which are located three or more manufactured homes that are occupied for dwelling or sleeping purposes but does not include a farm where the occupants of the manufactured home are the parents, children or siblings of the farm owner or operator or where the occupants of the manufactured homes work on the farm. Currently, the PSC definition of regulated mobile home parks includes any tract of land containing two or more individual plots of land that are rented for the accommodation of a mobile home, and defines mobile home as a manufactured home.

b. Direct that Commerce, instead of the PSC, would promulgate and administer rules that establish standards for water or sewer service that is provided to occupants of a manufactured home park by the park operator or a contractor.

c. Direct that Commerce, instead of the PSC, would annually, within 90 days after the beginning of the fiscal year, assess manufactured home park operators the total amount appropriated for departmental regulation of the provision of water or sewer service to manufactured home parks. The PSC would make the assessment for 2001-02 administrative expenses. After the regulatory functions are transferred from the PSC to Commerce under the bill, Commerce would make the assessment for 2002-03 administrative expenses. Commerce would have the same authority to collect unpaid assessments that the PSC currently has.

d. Provide Commerce with the same enforcement action authority that the PSC currently has.

e. Delete the current authority of the occupants of 25% of the total number of mobile homes in a park or the occupants of 25 such homes, whichever is less, to file a complaint with the PSC. Delete the current authority of the PSC to investigate the complaint. The bill does not create similar authority under Commerce.

f. Transfer from the PSC to Commerce, on the first day of the seventh month after the effective date of the bill, all of the assets and liabilities, tangible personal property, contracts, rules and orders and pending matters related to current PSC regulation of manufactured home parks.

Joint Finance/Legislature: Approve the Governor's recommendation, as modified, to: (a) delete the statutory assessment of fees for regulation of water and sewer service beginning in 2002-03; (b) require that the manufactured home park permit fee cover the cost of regulation of water and sewer service to the parks beginning in 2002-03; (c) delete the creation of a separate Commerce appropriation for receipt of the assessment against manufactured home park owners or operators; (d) fund the provided Commerce position from the Safety and Buildings Division program revenue general program operations appropriation; (e) require the transfer of mobile home park water and sewer regulation from the Public Service Commission to the Department of Commerce on the effective date of the bill; (f) in Commerce, delete \$15,300 PR in 2001-02 to provide \$46,100 PR for nine months of funding instead of \$61,400 PR for 12 months in 2001-02; and (g) direct Commerce to make the assessment for 2001-02 only, within 90 days of the effective date of the transfer.

[Act 16 Sections: 459r, 464, 465b, 2408, 2532 thru 2539, 2540 thru 2541, 2973 thru 2977, 2989 thru 2994, 3002 thru 3007, 3014b thru 3017, 9110(3z), 9142(2) and 9210(3z)]

13. FIRE DUES DISTRIBUTION AMOUNT [LFB Paper 309]

| | |
|----|-------------|
| PR | \$3,075,000 |
|----|-------------|

Joint Finance/Legislature: Provide \$1,475,000 PR in 2001-02 and \$1,600,000 PR in 2002-03 to reestimate from \$7,000,000 to \$8,475,000 in 2001-02 and \$8,600,000 in 2002-03 the amount available for fire dues distribution to cities, villages and towns that maintain a fire department that complies with state law.

14. FIRE DUES ELIGIBILITY AND RULES

Joint Finance/Legislature: Prohibit Commerce from withholding fire dues distribution payments to ineligible fire departments until the following conditions are met: (a) the Legislative Audit Bureau conducts a performance audit of current Commerce administrative rules related to determination of eligibility for fire dues payments; (b) that based on the results of the audit, the Joint Legislative Audit Committee proposes changes to the current rules related

to the determination of when a fire department is ineligible for fire dues payments; (c) that before Commerce can resume withholding fire dues distribution payments to ineligible fire departments, administrative rule changes must be written in consultation with representatives of the Wisconsin Fire Service and volunteer fire departments; and (d) the rules must be approved by the Joint Legislative Audit Committee before the rule changes go into effect. In addition, specify that when Commerce performs an audit of a fire department's eligibility for fire dues distribution payments, if errors are found, the fire department would have 30 days after the errors are identified to correct the errors. If the fire department corrects the errors within 30 days after they are identified, it would be in compliance with fire dues eligibility requirements.

Veto by Governor [B-26]: Delete provision.

[Act 16 Vetoed Sections: 2490r thru 2497m]

15. RECYCLING MARKET DEVELOPMENT BOARD [LFB Paper 697]

| | Funding | Positions |
|-------|----------------|------------------|
| SEG | - \$128,600 | - 1.00 |
| PR | - 600,000 | 0.00 |
| Total | - \$728,600 | - 1.00 |

Joint Finance: Delete \$64,300 SEG annually and 1.0 SEG position from the recycling fund to reduce Recycling Market Development Board staff from two to one. Delete \$300,000 PR annually to reestimate the financial assistance PR appropriation to reflect anticipated loan repayment revenues. In addition, delete the statutory requirement that the RMDB provide an annual contract to the statewide materials exchange program that received funding from the RMDB in the 1997-99 biennium.

Senate: Make the following changes in current RMDB requirements:

a. Direct the RMDB to give priority to grants, loans or manufacturing rebates for projects that involve recovered materials that either: (1) constitute a relatively high volume of solid waste generated in the state; or (2) are hazardous to human health or the environment

b. Direct the RMDB to allocate up to \$200,000 annually for forgivable loans for projects that have exceptional potential to meet one of the existing four criteria that the RMDB must consider before awarding financial assistance, but that do not comply with the standard criteria established by the RMDB or Commerce to meet their fiduciary responsibilities in managing state resources. Currently, before the RMDB awards a grant, loan or manufacturing rebate, the RMDB is required to consider the extent to which the project: (1) maximizes the marketability of recovered materials on a statewide basis; (2) minimizes the amount of recovered materials disposed of in landfills or burned without energy recovery in incinerators; (3) includes materials that are banned from landfills and that will support community recycling efforts; and (4) maintains present markets or creates new or expanded markets for recovered materials.

c. Direct the RMDB, in consultation with the Council on Recycling, to annually establish a list of materials recovered from solid waste for which it may award financial assistance.

d. Restore the requirement that was deleted under Joint Finance to require that Commerce annually contract for the operation of a statewide materials exchange program that received funding from the RMDB beginning in the 1997-99 biennium. (The RMDB provided \$100,000 in each of 1999-00 and 2000-01 to the Business Materials Exchange of Wisconsin.)

In addition, provide \$106,300 SEG in 2001-02 and \$425,000 SEG in 2002-03 in a biennial appropriation to create a new financial assistance program to be administered by the RMDB. Direct the RMDB to award grants or loans under the program to: (a) develop markets for high-volume industrial waste (defined as fly ash, bottom ash, paper mill sludge or foundry process waste); or (b) assist generators of high-volume industrial waste in marketing of high-volume industrial waste. Before awarding a grant or loan under the program, direct the RMDB to consider whether the project does all of the following: (a) maximizes the marketability of high-volume industrial waste on a statewide basis; (b) minimizes the amount of high-volume industrial waste disposed of in landfills; and (c) maintains present markets or creates new or expanded markets for high-volume industrial waste. Create a continuing program revenue appropriation to receive all repayments of loans made under the program, and authorize the RMDB to use the program revenue appropriation to award grants or loans under the program.

Conference Committee/Legislature: Adopt the Senate provisions "a" through "d" above.

Veto by Governor [B-36]: Delete the requirements that the RMDB: (a) give priority to grants, loans or manufacturing rebates for projects that involve recovered materials that constitute a relatively high volume of solid waste generated in the state or that are hazardous to human health or the environment; (b) annually allocate up to \$200,000 annually for forgivable loans for projects that have exceptional potential to meet one of the existing four criteria that the RMDB must consider before awarding financial assistance but that do not comply with the standard criteria established by the RMDB or Department of Commerce for meeting its fiduciary responsibilities in managing state resources; and (c) in consultation with the Council on Recycling, annually establish a list of materials recovered from solid waste for which it may award financial assistance.

[Act 16 Vetoed Sections: 3619k thru 3619s]

16. GUIDELINES RELATING TO OUTDOOR LIGHT FIXTURES

Senate: Make the following changes related to outdoor light fixtures and lamps used in outdoor light fixtures:

a. Require Commerce to promulgate administrative rules establishing voluntary guidelines relating to the design, construction, installation and use of outdoor light fixtures and lamps used in outdoor light fixtures. Require that the guidelines include provisions to achieve

all of the following: (1) improved energy efficiency of outdoor lighting; (2) appropriate light intensity, distribution and color of outdoor lighting; (3) reduced glare; (4) direction of light only to areas that are intended to be illuminated; (5) greater capability of outdoor lighting to provide nighttime security; and (6) reduced interference with the functions of any astronomical observatory.

b. Require Commerce to promulgate administrative rules establishing: (1) standards for determining compliance with the voluntary guidelines promulgated under (a) above and a self-certification process for building owners; and (2) a means of acknowledging the building owners who comply with the voluntary guidelines.

c. Require that Commerce disseminate a summary of the voluntary guidelines and that Commerce urge voluntary compliance with the guidelines.

d. Require Commerce to consult with DOA regarding the outdoor light fixtures and lamps used in outdoor light fixtures for state buildings and facilities.

e. Require DOA to comply with the voluntary guidelines promulgated in Commerce rules to the extent practicable.

f. Notwithstanding the authority that municipalities may exercise jurisdiction over electrical construction and inspection of electrical construction in public buildings and places of employment by passage of ordinances that meet minimum requirements of Commerce rules, authorize a city, village, town or county to enact and enforce standards for outdoor lighting that are similar to, less restrictive or more restrictive than the voluntary guidelines promulgated by Commerce. Authorize a city, village, town or county to apply its standards to outdoor light fixtures and lamps for outdoor light fixtures constructed or installed before the effective date of the local standards.

g. Specify that outdoor lighting may not be found to be a nuisance or trespass if all of the following apply: (1) the outdoor lighting complies with the voluntary guidelines promulgated in Commerce rules; (2) the outdoor lighting meets the requirements for certification under the self-certification process promulgated in Commerce rules; and (3) the outdoor lighting does not present a substantial threat to public health or safety.

Conference Committee/Legislature: Delete provision.

17. CERTIFICATION OF CRANE OPERATORS

Senate/Legislature: Direct Commerce to administer a program for the certification of crane operators that includes the following provisions. The program would be effective on the first day of the 12th month after publication of the bill, except where noted.

a. *Definitions.* Define "crane" as a power-operated hoisting machine that is used in construction, demolition, or excavation work, that has a power-operated winch and load line,

and that has a power-operated boom that moves laterally by the rotation of the machine on a carrier. The definition of crane would not include a forklift, a digger derrick truck, a bucket truck, a boom truck used for sign erection, or a machine with a movable bridge carrying a movable or fixed hoisting mechanism and traveling on an overhead, fixed, runway structure.

b. *Certification requirement.* No person would be allowed to operate a crane with a lifting capacity of 15 tons or more in Wisconsin without a valid crane operator certificate, received from a crane operator certification program authorized by Commerce. This requirement would not apply to any of the following: (1) an individual who is receiving training as a crane operator, if the individual is under the direct supervision of a certified crane operator; (2) an individual who is a member of a uniformed service or who is a member of the U.S. Merchant Marine, if the individual is performing work for the uniformed service of which the individual is a member or for the U.S. Merchant Marine, respectively; (3) an individual who is operating a crane for personal use on a premises that is owned or leased by the individual; (4) an individual who is operating a crane in an attempt to remedy an emergency; (5) an individual who is an employee or subcontractor of a public utility, a cooperative association organized for the purpose of producing or furnishing heat, light, power, or water to its members only, a telecommunications carrier, a commercial mobile radio service provider, or an alternative telecommunications utility, and who is operating a crane within the scope of his or her employment or contract; (6) an individual who is operating a crane in the construction, operation, or maintenance of an electric substation; and (7) an individual who is affected by a collective bargaining agreement that contains provisions that are inconsistent with the certification requirements. No employer may permit an employee to perform work in violation of the certification requirements. No person who is under a contract to construct an improvement to land may permit an agent of the person, or an independent contractor under contract with the person, to perform work on the improvement in violation of the certification requirements.

c. *Certification programs.* Commerce would be required to administer a program under which the Department authorizes crane operator certification programs to grant certificates that satisfy the certification requirements. Commerce could authorize a crane operator certification program only if all of the following are satisfied: (1) the program requires an individual who is applying for a certificate to satisfactorily complete a written examination regarding safe crane operation; (2) the program requires an individual who is applying for a certificate to meet physical standards necessary for safe crane operation, consistent with any national standard that the Department determines is appropriate; (3) the program requires an individual who is applying for a certificate to satisfactorily complete a practical examination regarding safe crane operation, unless the individual is applying for recertification and provides sufficient evidence that the individual has safely completed at least 1,000 hours of crane operation during the five-year period before the date of the application for recertification; (4) the program is consistent with any applicable certification and recertification requirements established by the federal Occupational Safety and Health Administration (OSHA) and, to the extent feasible, the National Commission for the Certification of Crane Operators; and (5) the

program issues a crane operator certificate that has a term of five years. Commerce would be required to maintain a list of crane operator certification programs authorized by the department.

d. *Fees.* Authorize Commerce to assess and collect fees to equal the cost of authorizing crane operator certification programs. Any fees collected would be deposited in the safety and buildings general program operations appropriation.

e. *Rules.* Direct Commerce to promulgate rules to administer the crane operator certification program. No later than the first day of the 9th month beginning after the effective date of the biennial budget act, Commerce would be required to submit proposed administrative rules governing certified crane operator programs and associated fees, to the Legislative Council staff under section 227.15 (1) of the statutes.

f. *Federal Approval.* Direct Commerce to submit to the federal Secretary of Labor a plan for the certification of crane operators, if required to do so under federal regulation. Commerce would be required to request the federal secretary of labor to approve the plan. The plan submitted by the Department would have to be consistent with all of the provisions of this section. If no approval is required under federal regulations or if an approval that is consistent with all of the provisions of this section is granted and in effect, Commerce would be required to implement the crane certification program. If approval is required under federal regulations, Commerce would not be allowed to implement the program unless an approval that is consistent with all of the provisions of the statutes is granted and in effect. The certification requirement would not apply if approval of the Department's plan for the certification of crane operators is required under federal code but is not granted and in effect. No later than the first day of the third month beginning after the effective date of the biennial budget act, Commerce would be required to submit the plan to the federal Secretary of Labor, if required to do so under federal code.

g. *Penalties.* Any person who violates the certification requirements may be fined not more than \$500 or imprisoned for not more than three months or both.

h. *Short-term crane operator certification.* Notwithstanding the requirements for components of certification programs, and except as otherwise provided under the crane operator certification program, Commerce could authorize a crane operator certification program only if a crane operator certificate issued by the program within the first year after the effective date of the crane operator certification program requirements (meaning within two years after the effective date of the biennial budget act) expires on the first day of the 12th month beginning after the effective date of the requirements. This provision would not apply to a crane operator certificate issued to an individual who satisfactorily completes a practical examination regarding safe crane operation that is approved by Commerce.

Veto by Governor [B-25]: Delete provision.

[Act 16 Vetoed Sections: 2447x, 2490b, 2490f, 9110(9q),(9qq)&(9qr), 9310(2q) and 9410(2q)]

18. CERTIFICATION OF IRONWORKERS

Senate: Direct Commerce to administer a program for the certification of ironworkers that includes the following provisions. The program would be effective on the first day of the 12th month after publication of the bill, except where noted.

a. *Definitions.* Define "ironworker" as an individual who does any of the following: (1) raises, places, or unites girders, columns, and other structural steel members; (2) positions and secures reinforcing rods or post tensioning cables during on-site construction of buildings or bridges; (3) installs prefabricated, ornamental metalwork; or (4) erects precast girders during on-site construction of bridges.

b. *Certification requirement.* No person would be allowed to perform work as an ironworker in Wisconsin without a master ironworker or journeyman ironworker certificate received from Commerce. An individual with a master ironworker or journeyman ironworker certificate would be required to perform work consistent with rules promulgated by Commerce. This requirement would not apply to any of the following: (1) an individual who is receiving training as an ironworker, if the individual is under the direct supervision of an ironworker who holds a valid master ironworker certificate received from Commerce; (2) an individual who is enrolled in and performing tasks that are within the scope of an ironworker apprenticeship program that is approved by Commerce and the Department of Workforce Development; (3) an individual who is a member of a uniformed service or who is a member of the U.S. Merchant Marine, if the individual is performing work for the uniformed service of which the individual is a member or for the U.S. Merchant Marine, respectively; (4) an individual who is performing ironwork on a premises that is owned or leased by the individual; (5) an individual who is performing ironwork in an attempt to remedy an emergency; (6) an individual who is performing ironwork within the scope of his or her employment, if the individual is employed to do primarily any of the following: (a) install, assemble, construct, or repair electrical work; (b) install, adjust, repair, or dismantle fire protection and fire control systems; (c) erect, install, or repair transmission poles, fabricated metal transmission towers, outdoor substations, switch racks, or similar electrical structures, electric cables, and related auxiliary equipment for high-voltage transmission and distribution power lines that are used to conduct energy between generating stations, substations, and consumers; (d) install, repair, alter, or recondition gas distribution pipeline; (e) install or repair residential potable water lines, gravity waste disposal systems inside curb or fence lines, plumbing fixtures, and plumbing appliances such as dishwashers and water heaters; and (f) lay out, assemble, install, or maintain pipe systems, pipe supports, and related hydraulic and pneumatic equipment for steam, hot water, heating, cooling, lubricating, or industrial production and processing systems; and (7) an individual who is affected by a collective bargaining agreement that contains provisions that are inconsistent with the certification requirements. No employer may permit an employee to

perform work in violation of the certification requirements. No person who is under a contract to construct an improvement to land may permit an agent of the person, or an independent contractor under contract with the person, to perform work on the improvement in violation of the certification requirements.

c. *Certification programs.* Commerce would be required to administer a program for the certification of master ironworkers and journeymen ironworkers. A master ironworker certificate or journeyman ironworker certificate issued by the Department would have a term of 5 years. Commerce could certify an individual as a master ironworker only if all of the following apply: (1) the individual satisfactorily complete a written examination regarding ironworking, unless the individual applies for recertification and provides sufficient evidence that the individual has safely completed at least 5,000 hours of work as a master ironworker or journeyman ironworker during the five-year period before the date of the application for recertification and has successfully completed at least 30 hours of training approved by the department during the five-year period before the date of the application for recertification; and (2) the individual holds a valid journeyman ironworker certificate for at least one year before the date of the individual's application for certification as a master ironworker, unless the individual has successfully completed an ironworker apprenticeship program that is approved by Commerce and the Department of Workforce Development.

Commerce would be allowed to certify an individual as a journeyman ironworker only if all of the following apply: (1) the individual satisfactorily completes a written examination regarding ironworking, unless the individual applies for recertification and provides sufficient evidence that the individual has safely completed at least 5,000 hours of work as a journeyman ironworker during the five-year period before the date of the application for recertification and has successfully completed at least 15 hours of training approved by the department during the five-year period before the date of the application for recertification; (2) the individual successfully completes an ironworker apprenticeship program that is approved by Commerce and the Department of Workforce Development, or safely completes at least 8,000 hours of work in the ironworking trade, before the date of the individual's application for certification as a journeyman ironworker.

d. *Ironworker Ratios.* An "apprentice ironworker" would mean an individual who is enrolled in an ironworker apprenticeship program that is approved by Commerce and by the Department of Workforce Development. A "master ironworker" would mean an individual who is certified as a master ironworker by Commerce. Commerce would be required to promulgate rules specifying a minimum number of master ironworkers that are required to provide work at a construction site, and a maximum number of apprentice ironworkers and individuals training as ironworkers that are permitted to provide work at a construction site, in order to provide for the safety of individuals at the construction site. The Department could vary the minimum and maximum numbers established under the rules based upon the type of work being performed at the construction site. The rules would not apply to an individual who is affected by a collective bargaining agreement that contains provisions that are inconsistent with the rules.

e. *Fees.* Authorize Commerce to assess and collect fees to equal the cost of certifying master ironworkers and journeymen ironworkers. Any fees collected would be deposited in the safety and buildings general program operations appropriation.

f. *Rules.* Direct Commerce to promulgate rules to administer the ironworker certification program. The rules would be required to specify the tasks related to ironworking that an individual certified as a master ironworker may perform and that an individual certified as a journeyman ironworker may perform. To the extent feasible, the rules would have to be consistent with national standards applicable to ironworkers. Commerce would have to promulgate any rules with regard to approved ironworker apprenticeship programs in consultation with the Department of Workforce Development.

No later than the first day of the 9th month beginning after the effective date of the biennial budget act, Commerce would be required to submit proposed administrative rules governing master ironworkers, journeymen ironworkers, ironworker apprentices and individuals training as ironworkers, and associated fees, to the Legislative Council staff under section 227.15 (1) of the statutes.

g. *Federal Approval.* Direct Commerce to submit to the federal Secretary of Labor a plan for the certification of ironworkers, if required to do so under federal regulation. Commerce would be required to request the federal secretary of labor to approve the plan. The plan submitted by the Department would have to be consistent with all of the provisions of this section. If no approval is required under federal regulations or if an approval that is consistent with all of the provisions of this section is granted and in effect, Commerce would be required to implement the ironworker certification program. If approval is required under federal regulations, Commerce would not be allowed to implement the program unless an approval that is consistent with all of the provisions of the statutes is granted and in effect. The certification requirement would not apply if approval of the Department's plan for the certification of ironworkers is required under federal code but is not granted and in effect.

Commerce would be required to submit to the federal Secretary of Labor a plan for enforcing the minimum and maximum numbers of ironworkers established in the ironworker ratio section, if required to do so under federal code, and would be required to request the federal Secretary of Labor to approve the plan. The plan submitted by Commerce would have to be consistent with all of the provisions of the state program. If no approval is required under Federal code or if an approval that is consistent with all of the provisions of the state program is granted and in effect, the department shall promulgate and enforce the rules required under state statutes. If approval is required under federal code, the Department may not promulgate or enforce the required rules unless an approval that is consistent with all of the provisions of state statutes is granted and in effect.

No later than the first day of the third month beginning after the effective date of the biennial budget act, Commerce would be required to submit the two plans to the federal Secretary of Labor, if required to do so under federal code.

h. *Certification of certain existing ironworkers.* Except as provided in definitions of Commerce licenses and notwithstanding the ironworker certification requirements, if approval of the Department's plan to certify ironworkers is not required under federal code or if an approval that is consistent with all of the provisions of the certification program is granted and in effect, the Department would be required to certify as a master ironworker any individual who applies for a master ironworker certification within two years after the effective date of the bill and who provides the Department with sufficient evidence that the individual safely completed at least 15,000 hours of work in the ironworking trade during the 15-year period before the date of the application for certification. In addition, the Department would be required to certify as a journeyman ironworker any individual who applies for a journeyman ironworker certification within two years after the effective date of the bill and who provides the Department with sufficient evidence of any of the following: (1) that the individual, before the date of the application for certification, successfully completed an apprenticeship program for ironworking that is approved by the Department of Workforce Development; and (2) that the individual safely completed at least 8,000 hours of work in the ironworking trade during the 8-year period before the date of the application for certification.

i. *Penalties.* Any person who violates the certification requirements may be fined not more than \$500 or imprisoned for not more than three months or both.

Conference Committee/Legislature: Delete provision.

19. STORAGE AND HANDLING OF ANHYDROUS AMMONIA

Assembly/Legislature: Require that when Commerce promulgates administrative rules under 2001 Act 3 to prescribe reasonable standards relating to the safe storage and handling of anhydrous ammonia, the rules would not apply to: (a) facilities where ammonia is used in pollution control devices; (b) facilities where ammonia is manufactured; and (c) electric generating or cogenerating facilities where ammonia is used as a refrigerant. This would be in instead of the 2001 Act 3 requirements that the rules would not apply to ammonia manufacturing plants and would be in addition to the 2001 Act 3 requirement that the rules would not apply to refrigeration plants where ammonia is used solely as a refrigerant and ammonia transportation pipelines. In addition, specify that if ammonia is used on the premises of an exempt facility or plant for a different or unrelated purpose or manner from the exempt purpose, the exemption would not apply to that use.

Veto by Governor [B-27]: Delete the requirement that facilities where ammonia is used in pollution control devices would be exempt from the administrative rules.

[Act 16 Section: 2449d]

[Act 16 Vetoed Section: 2449d]

20. EXEMPT HORSE BOARDING AND HORSE TRAINING FACILITIES FROM BUILDING CODE

Assembly: Exempt horse boarding facilities and horse training facilities that do not contain an area for the public to view a horse show from the definition of "place of employment" and "public building." This would exempt such facilities from construction standards, plan submission and building plan approval requirements that generally apply to places of employment and public buildings.

Conference Committee/Legislature: Adopt the Assembly provision, but specify the exemption would only apply: (a) between August 1, 2000, through the first day of the second month after publication of the biennial budget act (October 1, 2001); and (b) to places of employment that are horse boarding facilities and horse training facilities that do not contain an area for the public to view a horse show first operated during the time period of effectiveness and to public buildings, the initial construction of which was begun during the period of effectiveness.

[Act 16 Sections: 2446r thru 2447db and 9410(3z)]

21. UNIFORM DWELLING CODE COUNCIL MEMBERSHIP

Assembly/Legislature: Restore the Governor's recommendation to add one member who represents remodeling contractors to the Dwelling Code Council. The member would have an initial term expiring on July 1, 2004. The Council is attached to the Department of Commerce and reviews the standards and administrative rules for one- and two-family dwellings. The current 17 members are appointed by the Governor and approved by the Senate, and include four representatives of building trade labor organizations, four local government building inspectors, two building contractors who construct one- and two-family homes, two manufacturers or installers of manufactured homes, an architect, engineer or designer of one- and two-family homes, two representatives of the construction material supply industry and two representatives of the public, one of whom represents persons with disabilities.

[Act 16 Sections: 170d and 9110(4q)]

22. TITLING OF MANUFACTURED HOMES

Assembly/Legislature: Specify that an owner of a manufactured home would be exempt from having to obtain a title if the owner intends, upon acquiring the manufactured home, to permanently affix the manufactured home to land that the owner of the manufactured home owns. Currently, every manufactured home must be titled and the home is treated as personal property for purposes of a security interest held by a lender. The provision includes the following requirements: (a) if an owner has no title because of the exemption, when the owner transfers an interest in the manufactured home, the owner would not have to execute an assignment and warranty of title to the transferee; (b) if an owner of a manufactured home has a title and transfers an interest in the manufactured home to a transferee who is exempt from having to obtain a title, the transferee would not have to execute the application for a new certificate of title showing the transfer of ownership; (c) if a manufactured home dealer acquires a manufactured home for resale and the manufactured home has no title as a result of the exemption, the dealer would be exempt from the requirement to give the purchaser a title (because there would be no title); (d) if a manufactured home dealer acquires a manufactured home for resale and the manufactured home has a title, the dealer would be exempt from the requirement to mail or deliver the transferee's application for a new certificate of title to Commerce if the transferee is exempt from having to obtain a title; (e) if the interest of an owner of a manufactured home transfers other than by voluntary transfer, the transferee would have to deliver the last certificate of title to Commerce, unless there is no title because of the previous owner's exemption and would have to apply for a new certificate of title, unless the transferee is exempt; (f) if the interest of the owner is terminated or the manufactured home is sold under a security agreement by a secured party named in the certificate of title, the transferee would have to deliver the last certificate of title to Commerce, unless there is no title because of the previous owner's exemption and would have to apply for a new certificate of title, unless the transferee is exempt from the title requirement; (g) in cases of the transfer of a manufactured home owned by a decedent, ward, trustee or bankrupt, Commerce would no longer accept a title as evidence of the transfer of ownership if there is no title because the owner was exempt; (h) the requirement that Commerce transfer the decedent's interest in any manufactured home to his or her surviving spouse upon receipt of the title executed by the surviving spouse would not apply if the manufactured home has no certificate of title as a result of the exemption; (i) when Commerce issues a new certificate of title in the name of a transferee as owner, the Department would no longer be able to require the owner to provide a properly assigned certificate of title if the manufactured home for which the new certificate of title is requested has no certificate of title as a result of the exemption; and (j) the methods of perfecting and giving notice of security interests would not apply to a manufactured home that the owner intends, upon acquiring, to permanently affix to land that the owner of the manufactured home owns, in addition to the current provision that the methods do not apply to a manufactured home that is a fixture to real estate.

Under the provision, manufactured homes that are exempt from title requirements would not have to pay title fees. Industry officials estimate that under the provision, 65% of manufactured homes would be exempt from the title requirements and title fees. The proposed

exemption from title fees would be expected to result in a reduction of revenues to the segregated environmental fund and segregated transportation fund. However, Commerce indicates that it does not currently require the manufactured homes that would become exempt from title requirements and title fees under the provision to obtain a title or pay title fees. Thus, the provision would not result in a revenue reduction under current Commerce practice. Currently, Commerce collects the following fees when manufactured homes are titled and deposits the first fee in the segregated environmental fund and the remaining fees in the segregated transportation fund: (a) a \$6 per title environmental impact fee (increased to \$9 on the first day of the second month after the effective date of the act); (b) \$8.50 for filing an application for the first certificate of title; (c) \$4 for the original notation and subsequent release of each security interest noted upon a certificate of title; (d) \$8.50 for a certificate of title after a transfer; (e) \$1 for each assignment of a security interest noted upon a certificate of title; (f) \$8 for a replacement certificate of title; (g) for processing applications for certifications of title which have a special handling request for fast service, a fee to be established by rule which shall approximate the cost to Commerce for providing the special handling service to persons who request it (to date Commerce has not promulgated a rule under this provision); and (h) \$25 for the reinstatement of a certificate of title previously suspended or revoked.

[Act 16 Sections: 2539c, 2539d and 2539n thru 2539ny]